

**8/16/78**

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# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	McIntyre to Pres. Carter, w/attachments 6 pp. re:Defense Authorization Bill <i>opened 2/2/93</i>	8/16/78	A
Memo	<del>Jim Fallows to Pres. Carter, w/attachments 7 pp.</del> <del>re:CIA</del> <i>signed copy opened 2/2/93</i> <i>opened per RAC NLC-126-14-4-1-1 6/12/13</i>	8/15/78	A
Memo	Phil Wise to President Carter, 1 pg., re:CIA <i>opened 2/2/93</i>	8/16/78	A
Recommendations	Recommendations, 2 pp.	8/16/78	C
Notes	Rafshoon to Pres. Carter, 3 pp., re:Mtg. w/ P.M. Begin	8/15/78	<del>SA</del>
Memo	Kraft & Gammill to Pres. Carter, w/attachments 6 pp., re:Recommendations	8/10/78	C
Letter	CH. Cardinal Confabeniemy to Pres. Carter, w/attachments 6 pp., re:in French	8/7/78	C

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential  
Handwriting File, 8/16/78 Box 99

## RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
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THE PRESIDENT'S SCHEDULE

Wednesday - August 16, 1978

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8:15 Dr. Zbigniew Brzezinski - The Oval Office.

9:00 Mr. Frank Moore - The Oval Office.

9:13 Mr. Don Allegrucci, Congressional Candidate,  
(2 min.) 5th District, Kansas. (Mr. Frank Moore).  
The Oval Office.

10:30 Mr. Jody Powell - The Oval Office.

11:00 Meeting with the Advisory Committee on Federal  
(20 min.) Pay. (Mr. James McIntyre) - The Cabinet Room.

11:50 Mr. DeJongh Franklin - The Oval Office.  
(3 min.)

11:55 Mr. and Mrs. George LeMaistre. (Mr. Hamilton  
(3 min.) Jordan) - The Oval Office.

12:00 Lunch with Congressman John Murphy - Oval Office.

1:30 Signing of Four Executive Orders on Urban Policy  
(10 min.) in Conjunction with Briefing for Representatives  
of Urban Interest Groups. (Mrs. Anne Wexler).  
Room 450, OEOB.

1:50 Depart South Grounds via Helicopter en route  
Central Intelligence Headquarters.

2:00 Visit Central Intelligence Agency Headquarters.

3:15 Return to the White House.

4:45 Mr. Jesse Hill - The Oval Office.  
(10 min.)

THE WHITE HOUSE

WASHINGTON

August 15, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *JF*

SUBJECT: Your Visit to the CIA Headquarters, August 16

(You will be talking to about : : : : : CIA employees who will be gathered in the open air in the entrance courtyard of the headquarters. The schedule calls for about five minutes of remarks. These talking points are based on suggestions from Admiral Turner's office.)

1) It has been almost a year and a half since I first visited the CIA in March, 1977, for Admiral Turner's swearing-in as Director of Central Intelligence. When I came here before, I came with a sense of respect for the quality of your work and the dedication with which you perform it. With every passing month since then, I've been made more and more aware of how important an effective, independent CIA is to intelligent policy making and the defense of our nation's best interests.

2) In our world, the gap between appearance and reality can be very dangerous. The CIA plays a vital role in helping us cut through misleading appearances to the underlying realities with which we must deal.

SANTIZED  
E.O. 12356, Sec. 3.4  
PER *11/3/93* NLS HIRE MR *92-68*  
BY *Jan* NARS. DATE *11/27/93*



3) Every one of you is aware of how the CIA's mission has changed to meet the requirements of our quickly-changing world. When the agency was first established, it was concerned almost exclusively with the actions and capabilities of the Soviet Union. That kind of intelligence is still vital; but as the threats to our national security have changed, the CIA has moved into vastly different areas. Many of you now concentrate on data about food, energy supplies, and raw materials; the work you do may be even more important to preserving our nation's well-being than the more conventional forms of intelligence.

4) As I look around me here, I also see reminders that there are some aspects of your work that do not change. To my left [in plain view of both you and the crowd] I see the statue of Nathan Hale, who was executed 202 years ago when captured by the British. (His famous last words before being hanged were "I only regret that I have but one life to lose for my country.") Behind me, in the entranceway to the building, are sobering reminders that the sacrifice he made has been repeated again and again. On the walls are 35 stars, representing the 35 members of the Agency who have died in the line of duty. Below the wall is a book, in which the names of those who died are listed next to 18 of the

stars. The other 17 stars have no names beside them, since those 17 people died while on undercover assignments, and their identities cannot even yet be revealed.

5) Within the last ten years, intelligence work has often been unfairly criticized or misunderstood. Legitimate criticism has often spilled over into unfounded accusation -- and when that happens, it is more difficult for the CIA to set the public record straight than it is for other government agencies.

I particularly want to assure everyone that there is no truth to allegations that CIA conclusions are tailored to fit the fashion of the Administration's objectives. On the contrary, the Agency's estimates and reports are often disquieting; I have found that the CIA tells me what I need to know, not what I want to hear. I am depending on you to keep on doing so, for the objectivity and the independence of the CIA are its most vital assets.

6) Another problem faced by the CIA concerns unauthorized leaks of classified information. We must walk the difficult path of guarding legitimate secrets for national security reasons while protecting the openness of our free society.

7) CIA's relations with Congress are improving. Executive Order 12036, issued in January, has significantly clarified

the organizational structure, responsibilities, and limitations of intelligence activities.

8) I agree with John F. Kennedy that the Agency's successes are secret, while its failures are trumpeted. Employees accept this as part of the nature of the job. CIA's professionalism is admirable, its performance splendid. I count on all of you for your continued support.

PS: During the 1960s and early 1970s, the sign marking the turn-off to the CIA said "Bureau of Public Roads." The general assumption in Washington was that the sign was the CIA's disguise, and not a very good one at that. The Agency greatly resents that interpretation, and you would win friends by putting the record straight. The real story is this:

There actually is a Bureau of Public Roads, so the sign marking it is not a fake. When the CIA moved out to Langley, President Eisenhower ordered a sign put up identifying it too. It stayed there until 1961, when President Kennedy thought it ridiculous to point out the location of an intelligence agency and ordered the signs taken down. They stayed down until 1973, when James Schlesinger, then Director of Central Intelligence, had them put back up again. The only problem the signs now create is that the ones near the road keep getting stolen, so they have to put up new ones every few weeks.

You could say that you came out by helicopter to save time -- but you're glad to know that if you had driven you could have found the way easily, from the CIA's signs. You intend to keep those signs up -- as most members of the Agency would choose -- to symbolize the frankness with which we admit the need for skilled intelligence work, and our pride in those who do that work well.



2.

John F. McMahon, Deputy Director,  
Operations  
Anthony Lapham, General Counsel  
John Waller, Inspector General  
James Taylor, Comptroller  
Frederick Hitz, Legislative Counsel  
Herbert Hetu, Director of Public  
Affairs  
Omego Ware, Director, Equal Employ-  
ment Opportunity

Escorted by Admiral Turner, you proceed  
to podium on steps of CIA Headquarters.

2:04 p.m.

Introduction of you by Admiral  
Turner.

2:05 p.m.

PRESIDENTIAL REMARKS.

FULL PRESS COVERAGE

2:10 p.m.

Your remarks conclude. Escorted by  
Admiral Turner, you proceed inside  
CIA Headquarters Building en route  
briefing room.

2:13 p.m.

You arrive briefing room and take your  
seat for briefing by Admiral Turner.

2:15 p.m.

Briefing begins.

2:35 p.m.

Briefing concludes.

Escorted by Admiral Turner, you proceed  
to adjoining room and take your seat.

2:40 p.m.

Briefing begins.

3:00 p.m.

Briefing concludes.

Escorted by Admiral Turner, you  
proceed to motorcade for boarding.

3:05 p.m.

Motorcade departs CIA Headquarters  
Building en route helicopter.

3.

3:07 p.m.

Motorcade arrives helicopter.  
You board and depart CIA Headquarters  
en route South Lawn.

3:18 p.m.

Helicopter arrives South Lawn.

# # # # #

11 50 PM

THE WHITE HOUSE

WASHINGTON

VISIT TO

CIA HEADQUARTERS

Wednesday - August 16, 1978

From: Phil Wise

SEQUENCE:

1:50 p.m.

You board helicopter on the South Lawn and depart en route CIA Headquarters. Adm. Turner will go with you.

1:58 p.m.

Helicopter arrives CIA Headquarters.

PRESS POOL COVERAGE  
CLOSED ARRIVAL

You proceed to motorcade for boarding.

2:00 p.m.

Motorcade departs en route steps of CIA Headquarters.

OPEN PRESS COVERAGE  
OPEN ARRIVAL

You will be met by:

Frank C. Carlucci, Deputy Director, CIA  
Robert R. Bowie, Director, National  
Foreign Assessment Center

Maj. Gen. Frank Camm, USA (retired)  
Deputy Director for Collection  
Tasking, CIA

Alton Quanbeck, Acting Director, Office  
of Performance Evaluation and  
Improvement

John F. Blake, Deputy Director,  
Administration, CIA

Ernest Zellmer, Associate Dep. Director,  
Science and Technology

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E.O. 12356, Sec. 3.4

PER 11/19/92 NSC HIRE MR-111C-92-68  
BY Jay NARS, DATE 11/27/93

CIA - 8/16/78 sep 24

ADM STAN, 1982-83  
Frank Capucci  
1 1/2 yrs - head of IS, &

Quality of your work  
Appearance vs reality

A - In → Econ, etc

Nathan Hale - 2024

"Gue life"

35 - 17

Criticism - misunderstanding  
Relationship - Congress

Openness  
Security  
Professionalism  
Integrity  
Independent Company, etc  
Successes Secret  
failures transparent



ADMINISTRATIVELY CONFIDENTIAL

12:00 PM



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

C

August 16, 1978

MEMORANDUM FOR: THE PRESIDENT  
FROM: James T. McIntyre, Jr. *Ji*  
SUBJECT: Defense Authorization Bill (H.R. 10929)

I will be sending you the formal enrolled bill memo on H.R. 10929 shortly, with the recommendations of your senior staff. In the interim, I believe you may find the following background data useful as you review the issue.

H.R. 10929 authorizes appropriations of \$36,956,969,000 for fiscal year 1979 for Defense activities relating to procurement of weapon systems, research, development, test and evaluation (RDT&E), and civil defense; prescribes military active duty, reserve, student training, and Defense civilian personnel strength levels for 1979; and contains a number of riders.

Of our \$126 billion Defense program total, less than half is covered by this Authorization Bill, as shown in the table below.

	(\$ billions)	
	<u>Admin Req.</u>	<u>Cong. Action</u>
Concurrent Resolution	126.0	125.0*
Defense Authorization	35.5	37.0
Other	90.5	88.0

\*Both the House and Senate Budget Committees have come out at \$125B.

Thus, as the authorization total is increased by the Congress, less remains available (within the Congressionally established concurrent resolution total) to be made available for such vital areas as operations and maintenance and military pay, which are not included within the authorization total. Just as important, Congressional add-ons of large amounts of unrequested (and in our view, low priority) procurement and R&D items -- CVN, AMST, Surface Effects Ship, etc. -- force large scale reductions of high priority items in these two categories. Because this Authorization Bill exceeded our program by some \$1.5 billion, it masks the real impact of this substitution. However, the impact is clear (and painful) in the appropriations

markup. In order to stay within the prescribed defense totals and constrained by the authorization bill add-ons, the Congress has deleted some \$2 billion in key Administration programs, primarily those for near-term NATO growth:

Operations. Our initial request included a 3% real increase (\$1.0 billion) in operations and maintenance funding. The House and Senate Appropriations Bills have proposed over \$500 million in reductions, much of which would have adverse impacts upon the fighting capability of our combat forces and should be restored. Specific candidates for restoration include:

- \$57 M for reenlistment bonuses, a key to retaining skilled people
- \$155 M in an arbitrary reduction in supply and stock fund activities
- \$15 M to terminate a strategic early warning radar system
- \$37 M in airlift transportation
- \$48 M arbitrary reduction in data processing capability

Research and Development. Our initial request of \$12.5 billion included 3% real growth (\$ .4 billion). The Authorization Bill deleted over \$600 million in Administration programs and added back \$400 million in congressional substitutes (e.g., the Surface Effects Ship and the AMST Advanced Transport aircraft). Further cuts being proposed in the Appropriation Bills will bring R&D below 1978 in real terms. We should argue to restore the R&D real growth of 3% by adding back the bulk of the congressionally-imposed cuts, thus maintaining an appropriate level of effort in this crucial area.

Procurement. The combined effects of the Authorization Bill add-ons and the budget ceiling have forced the Congress to delete almost all of the real growth for land forces to improve our NATO capability. Specifically, the Appropriations Bill would delete \$.8 billion of the \$1.0 billion real increase requested for Army equipment and eliminate funds for several important Air Force programs. Many of these should be restored in order to hold to our commitment to improve our NATO posture. Examples:

#### Army Procurement

- \$350 million in ammunition and related facilities
- \$78 million for Chinook helicopters
- \$150 million for vehicles and communications equipment

#### Air Force Procurement

- \$68 million for modifications to the civil reserve airlift fleet (CRAF)
- \$62 million for a new electronic countermeasures program
- \$37 million for a new glide bomb

There is of course uncertainty as to whether the Congress, in response to a veto, would add back the above listed Administration-supported portions of the budget. This is a real concern, but the only chance to improve the balance of the program is through a veto of the Authorization Bill. Finally, it is necessary to re-establish Presidential control of the Defense budget. Otherwise, the Congress will continue to rebalance Defense budgets drastically to suit their own priorities. As was noted in our meeting yesterday, Congress always rearranges some portion of this bill, but this year's action has gone well beyond historical norms.

### Conclusions

I believe there is a unanimous view among your advisors that the substance of this bill warrants a veto. In many ways, the thrust and intent of our defense program risks being undone. The kind of approach suggested in our discussion yesterday -- focusing on the deletion of the CVN and replacement by the kind of items cited above -- allows us the chance to restore that thrust and intent.

The political assessment of such an approach is much more difficult, and you should hear Frank Moore's assessment of Congressional thinking on the prospects of sustaining a veto prior to reaching your final decision.



THE SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301

C  
✓

10 AUG 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Defense Authorization Bill

On Monday you received from the Congress a FY 1979 Defense authorization bill which is \$1.6 billion over your budget request and which, contrary to the budget you submitted, includes authority for construction of a nuclear powered aircraft carrier. This memorandum contains my assessment of the possible courses of action, and my recommendation.

The respective advantages and disadvantages of a veto appear to me to be as follows:

Advantages of a veto:

1. It would avoid spending \$1.9 billion (likely price really about \$2.4 billion) on a system which we do not now need, and which represents a gross misallocation of scarce defense dollars.
2. It could be seen as an example of strong, positive leadership, helping demonstrate to the Congress and the public that you are serious about cutting unnecessary and wasteful government spending.
3. It could help stop the drift toward naval ship designs that are bigger, more complex and more expensive, when what the Navy really needs is greater numbers of smaller, lower-cost vessels.

Disadvantages of a veto:

1. It probably would be seen as an anti-defense action. The difficulty of explaining how deletion of the CVN could increase defense capability lost us many votes in our attempt to delete the CVN from the House appropriation bill.
2. A veto would be described by many in the press as one of a series of decisions pulling back militarily and diplomatically around the world (B-1 cancellation, deferral of enhanced radiation weapon, withdrawal of ground forces from Korea, reduction of the shipbuilding program, etc.). That would not be a fair characterization, but the accurate one--that the budget you submitted was at the proper level and with the proper balance among defense programs needed more than a nuclear carrier--would be too complicated for the headline writers. It is

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difficult to explain in a few words how our defense is enhanced by eliminating a large weapon system, although our intention would be to designate part of that \$1.9 billion for higher priority programs.

3. Related to the previous point, it is unprecedented in recent years for a President to veto a Defense authorization bill. Your doing so therefore would be charged as being inconsistent with keeping the United States militarily strong in the face of the continuing Soviet buildup.

4. If a veto were sustained and a new authorization bill eliminated the nuclear carrier, there would be a hole of \$1.9 billion in the appropriation bill (which in the House version, including military construction, is now about \$500 million below your request and includes funds for the nuclear carrier). The hole would probably be filled by the Congress with other programs pushed by particular influential members, rather than with the programs you and I would prefer. On the other hand, if a veto were sustained and the appropriation bill simply eliminated the carrier and left a hole unfilled, we would lose \$1.9 billion of Defense capability (for the carrier does offer major capability even if not of top priority). I do not believe we can afford such an outcome.

5. Though the demonstration of strength through a veto and making it stick probably would offset the general deterioration of the Administration's relations with the defense committees of the Congress, there are some particular members (Stennis, Price) the probable loss of whose good will could spill over to other Administration policies.

6. The veto might not be sustained, although the House vote of Monday on inclusion of the carrier in the Defense appropriations bill suggests that more likely it would be. (Monday's vote in favor of the carrier was 219-156, with the Republicans split 104-23 in favor. Even if the Republicans made it a party issue and all 146 House Republicans were present and voted against it, the vote probably still would fall short of the two-thirds necessary to override. In the Senate, we would expect to have several votes more than the one-third necessary to block an override effort.) Although an override is unlikely, there is some risk, and the political cost if such were to occur would be very great.

I am continuing to work to eliminate the nuclear carrier in the last remaining vehicle, the Defense appropriations bill which is now before the Senate Appropriations Committee. If that works we can probably succeed in backfilling--funding some higher priority defense needs. To that end I have already asked Senator Bumpers to lead the fight to delete the CVN in that committee, and have asked Senators Magnuson, Brooke, and Chiles to help. But realistically our chances in that Senate committee--in which Subcommittee Chairman Stennis is not

supporting us--cannot be any greater than they were in its House counterpart, where we had the support, albeit shaky, of Chairman Mahon, and still were unsuccessful. I believe that the Congress, reflecting the steady shifting of public opinion toward a stronger military posture, tends to see the nuclear carrier issue in the simplistic terms of being for or against more defense, and members want to be recorded on the side of more.

In summary, I see great risk to you in vetoing the authorization bill, a risk both of serious public misunderstanding and of ultimately achieving little to improve our defense posture. I therefore with reluctance recommend that you sign the bill. I believe further that your reluctance in doing so should be reflected in an accompanying statement, which would urge that the Congress in the appropriations process delete funds for the CVN, and instead apply those resources to more necessary military requirements. (I would be glad to work with Jim McIntyre to draft such a statement.)\*

*Harold Brown*

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\*The option of vetoing the Defense appropriations bill, if it continues to contain funds for a CVN, also in principle remains open to you. However, the appropriations bill probably will not reach your desk until sometime around the beginning of the fiscal year in October. A veto then would create some procedural confusion (there would have to be continuing resolutions to keep DoD operating until a FY 79 appropriation was enacted) and the ultimate outcome is not easy to predict.

THE WHITE HOUSE  
WASHINGTON

August 16, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

August 15, 1978

*Done*  
*J*

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Moore *F.M./LF*  
Les Francis *LS Francis*

SUBJECT: Department of Education Bill

We have just received word from our staff on the Hill that the House Government Operations Committee has reported out our Department of Education bill by a vote of 27 - 15. Chairman Brooks and Congressman Horton (ranking Republican) were especially helpful in this regard. You should call Chairman Brooks and thank him, and we will ask the Vice President to call Congressman Horton.

It is still unclear whether or not we will be able to get a rule for House consideration this year, but with the help of the Government Operations Committee leadership and staff it is definitely a possibility.



THE WHITE HOUSE  
WASHINGTON

Fall 1976

one dollar = 300 Yen

now

one dollar = 184 Y  
(Japan)

Jan 1978

one dollar = 2.05 DMarks

now

one dollar = 1.95 DMarks

(W Germany)

THE WHITE HOUSE  
WASHINGTON

AUGUST 16, 1978

MR. PRESIDENT

CONGRESSMAN ASHLEY TRIED TO REACH  
YOU TODAY (YOU WERE SIGNING THE  
EXEC. ORDERS IN THE EOB) AND FRANK  
TOOK THE CALL. NO NEED FOR YOU  
TO RETURN IT.                     

# # # #

CONGRESSMAN BEDELL -----WANTED TO  
KNOW IF YOU PLANNED TO ATTEND THE  
PRAYER BREAKFAST ON JANUARY 18.

# # # #

SENATOR PELL---- FRANK WILL LET US  
KNOW WHAT HE WANTED. (YOU HAD GONE  
FOR THE DAY.)

PHIL

THE WHITE HOUSE  
WASHINGTON

OUT AUGUST 16, 1978.

THE WHITE HOUSE  
WASHINGTON

August 16, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
SUBJECT: Adams' Meeting on Waterway User Fees

Adams will be asking you to accept a compromise along the lines we have discussed earlier:

- 1) A user fee rising from 4¢ per gallon in 1980 to 10¢ in 1986;
- 2) Deposit of this tax in a trust fund to be used for construction of new facilities.

Since the Trust Fund would not cover all the costs of new construction there could be no real lid on new projects. However, the Trust Fund does establish the principle of cost recovery from users. It is possible that when Congress considers reauthorizing the Trust Fund following the completion of the DOT study of user fees (1982), that a stronger cost recovery provision could be enacted.

The key to the acceptability of the compromise has always been separating it from the new water project authorizations. Both House and Senate authorization bills are unacceptable in their present form. The Senate has attached its new authorizations to the user charge bill and the House is apparently intending to do likewise. We have clearly stated that our first condition of accepting the user charge compromise is that it not be attached to an unacceptable authorization bill.

I am now convinced that we should accept this compromise if it is embodied in a clean bill. My conversations in the last few days with a number of our supporters in the House and Senate and with outside groups have convinced me that this is the best we can do this year. Both Bob Edgar who helped us in the House, and Senator Stevenson who sponsored our compromise in the Senate have told me that they would accept and publicly support a compromise along

these lines. Senator Domenici has also indicated that he could probably agree to the proposal. While some of our supporters (such as Berkley Bedell and some environmentalists) may feel we should prolong the stalemate and refight the issue next year I believe it would be best to accept this compromise. By any objective standard we have won a substantial victory if this bill becomes law.

OMB has also agreed to this compromise.

July 17, 1978

MEMORANDUM -- WATERWAYS USER CHARGE PROVISIONS OF H.R. 8309

Part I. Comparison of House and Senate Bills (Titles II and III)  
and Possible Compromise by Conferees

<u>ISSUE</u>	<u>HOUSE BILL</u>	<u>SENATE BILL</u>	<u>POSSIBLE CONFERENCE COMPROMISE</u>
1. Rate of excise tax on fuels used by commercial cargo vessels on designated waterways.	4¢ per gallon for first two years; 6¢ per gallon thereafter.	Tax rises at two-year intervals from 4¢ per gallon to 12¢ per gallon.	Tax rises at two-year intervals from 4¢ per gallon to 8¢ per gallon to 10¢ per gallon.
2. Starting date for fuel tax.	October 1, 1979.	Earlier of (1) January 1, 1982, or (2) start of construction of new Lock and Dam 26.	October 1, 1979 <sup>80</sup> .
3. Relationship of tax to new Lock and Dam 26.	None.	Tax delayed to January 1, 1982 unless construction begins earlier.	None.
4. Later Congressional consideration of user-charge mechanisms.	Commerce and Transportation Depts. directed to report to Congress within three years on types and levels of waterways user charges, etc., including cost-recovery mechanisms.	Transportation and Commerce Depts. directed to report to Congress within three years on types and levels of waterways user charges, etc., including cost-recovery mechanisms.	Report to Congress within three years on waterways user charges, etc.

## Linking Fuel Tax Cost Recovery With Specific Budget Line Items

There are two sub-categories of standard appropriation accounts in the Corps of Engineers Budget that might lend themselves to identification with cost recovery through fuel taxes:

Option 1. "Construction, General," Navigation projects," Item 2(b) - "Locks and dams" (FY 79 Budget, p. 338), plus Item 6(I) "Rehabilitation," "Major rehabilitation projects, navigation," listed under the same general heading (p. 338).

	(\$ 000)		
	<u>FY 77 (actual)</u>	<u>FY 77 (est.)</u>	<u>FY 79 (est.)</u>
Item 2(b)	\$190,260	\$226,196	\$242,606
Item 6(I)	152	9,838	28,670
Total	<u>\$190,412</u>	<u>\$236,034</u>	<u>\$271,276</u>

Assuming a 4 cents tax represents a \$40 million recovery and a 10 cents tax represents a \$100 million recovery, the following table shows per cent cost recovered in each of these years.

	(\$ 000)		
	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>
Budget Amount	\$190,412	\$236,034	\$271,276
Recovery: (4¢ tax)	\$ 40,000	\$ 40,000	\$ 40,000
% Cost Recovered	21.0%	16.9%	14.7%
Recovery: (10¢ tax)	\$100,000	\$100,000	\$100,000
% Cost Recovered	52.5%	42.4%	36.9%

THE WHITE HOUSE  
WASHINGTON

August 16, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

TUITION TAX CREDIT



	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
/	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE  
WASHINGTON

*Joe L  
J*

August 15, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

*F.M./BR*

SUBJECT:

TUITION TAX CREDIT

The Senate just passed the Hollings amendment to the tuition tax credit bill. The bill reported by the Finance Committee provided for elementary, secondary and post-secondary tax credits. The Hollings amendment stripped the elementary and secondary credits from the bill. The vote was 56 to 41. Earlier, an effort to table to Hollings amendment was rejected 40 to 57.

THE WHITE HOUSE

WASHINGTON

August 15, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *JL*

SUBJECT: Your Visit to the CIA Headquarters, August 16

(You will be talking to about 2000 CIA employees who will be gathered in the open air in the entrance courtyard of the headquarters. The schedule calls for about five minutes of remarks. These talking points are based on suggestions from Admiral Turner's office.)

- 1) It has been almost a year and a half since I first visited the CIA in March, 1977, for Admiral Turner's swearing-in as Director of Central Intelligence. When I came here before, I came with a sense of respect for the quality of your work and the dedication with which you perform it. With every passing month since then, I've been made more and more aware of how important an effective, independent CIA is to intelligent policy making and the defense of our nation's best interests.
- 2) In our world, the gap between appearance and reality can be very dangerous. The CIA plays a vital role in helping us cut through misleading appearances to the underlying realities with which we must deal.

DECLASSIFIED  
Per: Rac Project  
ESDN: NLC-126-14-4-1-1  
BY *KS* NARA DATE *6/10/13*

3) Every one of you is aware of how the CIA's mission has changed to meet the requirements of our quickly-changing world. When the agency was first established, it was concerned almost exclusively with the actions and capabilities of the Soviet Union. That kind of intelligence is still vital; but as the threats to our national security have changed, the CIA has moved into vastly different areas. Many of you now concentrate on data about food, energy supplies, and raw materials; the work you do may be even more important to preserving our nation's well-being than the more conventional forms of intelligence.

4) As I look around me here, I also see reminders that there are some aspects of your work that do not change. To my left [in plain view of both you and the crowd] I see the statue of Nathan Hale, who was executed 202 years ago when captured by the British. (His famous last words before being hanged were "I only regret that I have but one life to lose for my country.") Behind me, in the entranceway to the building, are sobering reminders that the sacrifice he made has been repeated again and again. On the walls are 35 stars, representing the 35 members of the Agency who have died in the line of duty. Below the wall is a book, in which the names of those who died are listed next to 18 of the

stars. The other 17 stars have no names beside them, since those 17 people died while on undercover assignments, and their identities cannot even yet be revealed.

5) Within the last ten years, intelligence work has often been unfairly criticized or misunderstood. Legitimate criticism has often spilled over into unfounded accusation -- and when that happens, it is more difficult for the CIA to set the public record straight than it is for other government agencies.

I particularly want to assure everyone that there is no truth to allegations that CIA conclusions are tailored to fit the fashion of the Administration's objectives. On the contrary, the Agency's estimates and reports are often disquieting; I have found that the CIA tells me what I need to know, not what I want to hear. I am depending on you to keep on doing so, for the objectivity and the independence of the CIA are its most vital assets.

6) Another problem faced by the CIA concerns unauthorized leaks of classified information. We must walk the difficult path of guarding legitimate secrets for national security reasons while protecting the openness of our free society.

7) CIA's relations with Congress are improving. Executive Order 12036, issued in January, has significantly clarified

the organizational structure, responsibilities, and limitations of intelligence activities.

8) I agree with John F. Kennedy that the Agency's successes are secret, while its failures are trumpeted. Employees accept this as part of the nature of the job. CIA's professionalism is admirable, its performance splendid. I count on all of you for your continued support.

PS: During the 1960s and early 1970s, the sign marking the turn-off to the CIA said "Bureau of Public Roads." The general assumption in Washington was that the sign was the CIA's disguise, and not a very good one at that. The Agency greatly resents that interpretation, and you would win friends by putting the record straight. The real story is this:

There actually is a Bureau of Public Roads, so the sign marking it is not a fake. When the CIA moved out to Langley, President Eisenhower ordered a sign put up identifying it too. It stayed there until 1961, when President Kennedy thought it ridiculous to point out the location of an intelligence agency and ordered the signs taken down. They stayed down until 1973, when James Schlesinger, then Director of Central Intelligence, had them put back up again. The only problem the signs now create is that the ones near the road keep getting stolen, so they have to put up new ones every few weeks.

You could say that you came out by helicopter to save time -- but you're glad to know that if you had driven you could have found the way easily, from the CIA's signs. You intend to keep those signs up -- as most members of the Agency would choose -- to symbolize the frankness with which we admit the need for skilled intelligence work, and our pride in those who do that work well.

2.

John F. McMahon, Deputy Director,  
Operations  
Anthony Lapham, General Counsel  
John Waller, Inspector General  
James Taylor, Comptroller  
Frederick Hitz, Legislative Counsel  
Herbert Hetu, Director of Public  
Affairs  
Omego Ware, Director, Equal Employment  
Opportunity

Escorted by Admiral Turner, you proceed  
to podium on steps of CIA Headquarters.

2:04 p.m. Introduction of you by Admiral  
Turner.

2:05 p.m. PRESIDENTIAL REMARKS.

FULL PRESS COVERAGE

2:10 p.m. Your remarks conclude. Escorted by  
Admiral Turner, you proceed inside  
CIA Headquarters Building en route  
briefing room.

2:13 p.m. You arrive briefing room and take your  
seat for briefing by Admiral Turner.

2:15 p.m. Briefing begins.

2:35 p.m. Briefing concludes.

Escorted by Admiral Turner, you proceed  
to adjoining room and take your seat.

2:40 p.m. Briefing begins.

3:00 p.m. Briefing concludes.

Escorted by Admiral Turner, you  
proceed to motorcade for boarding.

3:05 p.m. Motorcade departs CIA Headquarters  
Building en route helicopter.

3.

3:07 p.m.

Motorcade arrives helicopter.  
You board and depart CIA Headquarters  
en route South Lawn.

3:18 p.m.

Helicopter arrives South Lawn.

# # # # #



THE WHITE HOUSE  
WASHINGTON

August 16, 1978

Hugh Carter

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Stu Eizenstat  
Jody Powell  
Jerry Rafshoon

SOLAR ENERGY PROJECT

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
/	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
/	EISENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
/	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
/	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
/	RAF SHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE  
WASHINGTON

8/15/78

Mr. President:

No comment from DPS.

Rick

THE WHITE HOUSE

WASHINGTON

August 14, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: White House Solar Energy Project  
(Per Your Request)

Attached are summary sheets, provided by a task force headed by the Department of Energy, denoting six different solar energy projects for the White House. Per your instructions, they are for domestic hot water, are small and are not eyesores.

I recommend scenario 2(a) for the following reasons:

- (1) It will supply 76% of all the hot water used in the West Wing (restrooms, basement shower, barber shop and staff mess) -- i.e., virtually all the hot water for the Oval Office and the senior staff. This is a public relations benefit.
- (2) Although none of the projects are economically justified, the net present value of the project is only -\$5,345 as compared to electricity, and -\$16,502 as compared to steam, i.e., the present value of the savings over the life of the project is \$5,345 (electricity) and \$16,502 (steam) less than the cost of the project. (The West Wing uses steam.) Scenario 3(a) has slightly smaller negative present values, but the significance of having the project in the West Wing vs. the East Wing, in my opinion, outweighs the small difference in cost. (Note: all of these costs are very small considering the example setting value of the project.)
- (3) The collectors are not significantly visible and are not an eyesore. Since the public cannot readily view the collectors, we could put a display model on the public tour route to help remind people of your solar commitment.

-2-

GSA has already agreed to fund the project. If you approve, I will contact the Commission on Fine Arts for their approval on the appearance and coordinate with Jody and Jerry concerning a public announcement.

☒

Approve Scenario 2(a) (Recommend)

☐

Other

*Keep me informed -*  
*J*

# SUMMARY SHEET

	<u>Scenario 1(a)</u>	<u>Scenario 1(b)</u>	<u>Scenario 2(a)</u>	<u>Scenario 2(b)</u>	<u>Scenario 3(a)</u>	<u>Scenario 3(b)</u>
Collector Location	West Wing Roof	West Wing Roof	Cabinet Room Roof	Cabinet Room Roof	East Wing Roof	East Wing Roof
Area (ft <sup>2</sup> )	580	672	580	580	336	672
Application	West Wing	Residence	West Wing	Residence	East Wing	Residence
Annual Solar Contribution MMBtu (Percent Solar)	87 (76)	98 (78)	87 (76)	89 (70)	50 (78)	97 (77)
Solar Construction Cost	\$36,600	\$44,700	\$24,000	\$35,700	\$15,400	\$40,400
Architectural Treatment Cost	\$35,000	\$35,000	\$5,500	\$5,500	\$10,000	\$13,000
Project Construction Cost	\$71,600	\$79,700	\$29,500	\$41,200	\$25,400	\$53,400
Maximum Budget Required <sup>1</sup>	\$204,700	\$226,700	\$90,200	\$122,000	\$71,800	\$139,900
Required Time for Project	19 weeks	19 weeks	19 weeks	19 weeks	15 weeks	15 weeks

<sup>1</sup>Includes White House factor, A&E fees, GSA costs, instrumentation and display costs.

SUMMARY OF ECONOMIC ANALYSIS  
(Electricity)

Scenario 1(a)   Scenario 1(b)   Scenario 2(a)   Scenario 2(b)   Scenario 3(a)   Scenario 3(b)

I. 6% Discount Rate

A. Present Value of Net Fuel Savings	26,305	28,936	28,718	27,258	16,322	29,410
B. Solar Construction Cost	<u>36,600</u>	<u>44,700</u>	<u>24,000</u>	<u>35,700</u>	<u>15,400</u>	<u>40,400</u>
Net Present Value of Solar System (A-B)	-10,295	-15,764	4,718	-8,442	922	-10,990
C. Levelized Annual Net Fuel Savings	2,293	2,522	2,506	2,376	1,423	2,565
D. Mortgage Payment on Loan Secured to Finance the Solar Construction Cost	<u>3,191</u>	<u>3,897</u>	<u>2,092</u>	<u>3,112</u>	<u>1,343</u>	<u>3,522</u>
Levelized Annual Net Gain(C-D)	- 898	-1,375	414	- 736	80	- 957

II. 10% Discount Rate

A. Present Value of Net Fuel Savings	16,960	18,622	18,655	17,589	10,578	18,964
B. Solar Construction Cost	<u>36,600</u>	<u>44,700</u>	<u>24,000</u>	<u>35,700</u>	<u>15,400</u>	<u>40,400</u>
Net Present Value of Solar System (A-B)	-19,640	-26,078	-5,345	-18,111	-4,822	-21,436
C. Levelized Annual Net Fuel Savings	1,992	2,187	2,191	2,066	1,242	2,228
D. Mortgage Payment on Loan Secured to Finance the Solar Construction Cost	<u>4,299</u>	<u>5,250</u>	<u>2,819</u>	<u>4,193</u>	<u>1,809</u>	<u>4,745</u>
Levelized Annual Net Gain(C-D)	-2,307	-3,063	- 628	-2,127	- 567	-2,517

III. Undiscounted Value of Total Fuel Savings

71,306	80,321	71,306	72,945	41,074	79,682
--------	--------	--------	--------	--------	--------

Assumptions:

20 year system life  
11% nominal fuel price escalation rate  
(6% general inflation rate, 5% real fuel price escalation rate)

# SUMMARY OF ECONOMIC ANALYSIS

(STEAM)

Scenario 1(a)   Scenario 1(b)   Scenario 2(a)   Scenario 2(b)   Scenario 3(a)   Scenario 3(b)

## I. 6% Discount Rate

A. Present Value of Net Fuel Savings	9,200	9,669	11,720	9,760	6,414	10,339
B. Solar Construction Cost	<u>36,600</u>	<u>44,700</u>	<u>24,000</u>	<u>35,700</u>	<u>15,400</u>	<u>40,400</u>
Net Present Value of Solar System (A-B)	-27,400	-35,031	-12,280	-25,940	-8,986	-30,061
C. Levelized Annual Net Fuel Savings	802	843	1,022	851	559	901
D. Mortgage Payment on Loan Secured to Finance the Solar Construction Cost	<u>3,191</u>	<u>3,897</u>	<u>2,092</u>	<u>3,112</u>	<u>1,343</u>	<u>3,522</u>
Levelized Annual Net Gain(C-D)	-2,389	-3,054	-1,070	-2,261	- 784	-2,621

## II. 10% Discount Rate

A. Present Value of Net Fuel Savings	5,750	5,996	7,498	6,124	4,087	6,468
B. Solar Construction Cost	<u>36,600</u>	<u>44,700</u>	<u>24,000</u>	<u>35,700</u>	<u>15,400</u>	<u>40,400</u>
Net Present Value of Solar System (A-B)	-30,850	-38,704	-16,502	-29,576	-11,313	-33,932
C. Levelized Annual Net Fuel Savings	675	704	881	719	480	760
D. Mortgage Payment on Loan Secured to Finance the Solar Construction Cost	<u>4,299</u>	<u>5,250</u>	<u>2,819</u>	<u>4,193</u>	<u>1,809</u>	<u>4,745</u>
Levelized Annual Net Gain(C-D)	-3,624	-4,546	-1,938	-3,474	-1,329	3,985

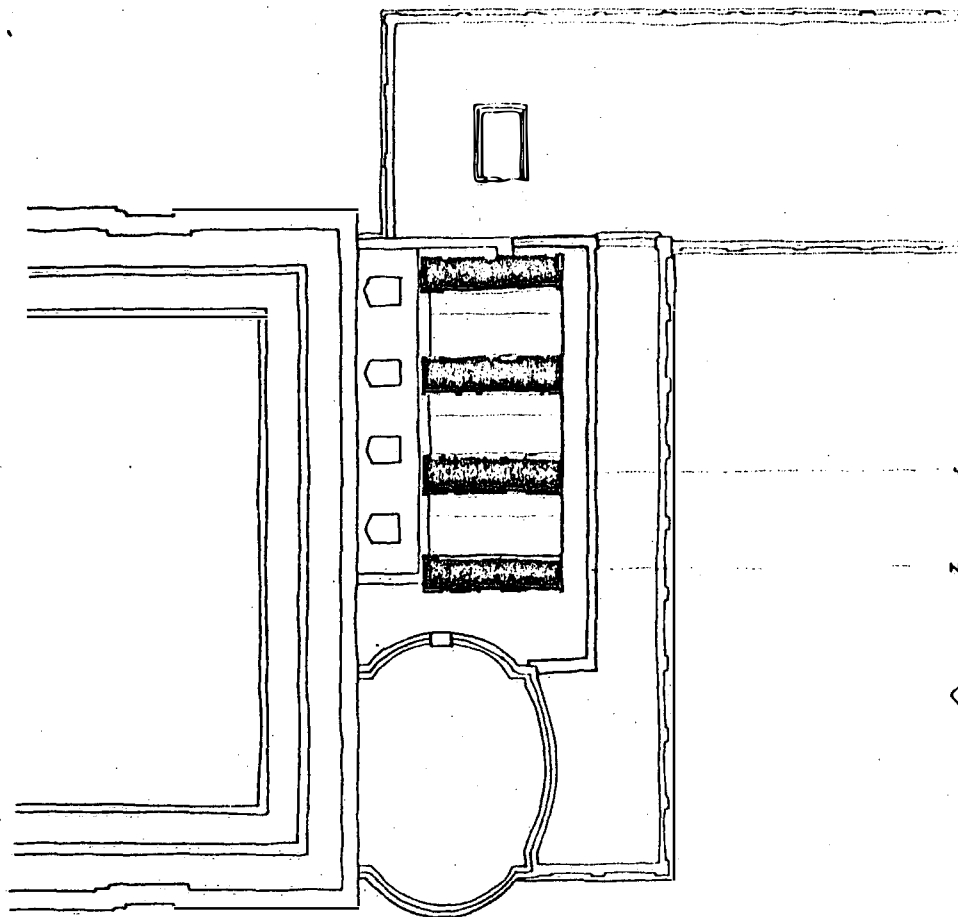
## III. Undiscounted Value of Total Fuel Savings

35,033	39,462	35,033	35,838	20,136	39,060
--------	--------	--------	--------	--------	--------

### Assumptions:

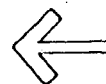
20 year system life  
11% nominal fuel price escalation rate  
(6% general inflation rate, 5% real fuel price escalation rate)





40° TILT COLLECTORS

NEW BALUSTRADE

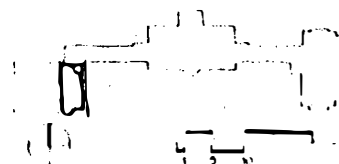


ELEVATION VIEW FROM EAST



ELEVATION

West Wing Cabinet Room



THE WHITE HOUSE  
WASHINGTON

May 1, 1978

*Hugh -  
I prefer small  
H<sub>2</sub>O heating system -  
Maybe East - or West  
Wing - Must not  
be eyesore - Check  
with me - J*

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT: Solar Heating of the White House

Several weeks ago you decided not to install any of three proposed solar heating systems for the White House. In his memo to you on the subject, Hugh Carter had recommended against the systems both because of the disruptive effects of construction and the economic inefficiencies involved. Primarily because of the economic considerations, I concurred with Hugh's recommendation.

Since then, however, I have reviewed the matter again, and now believe that you should authorize a minimal solar energy installation. For the following reasons, I request that you reconsider your initial decision:

(1) In the general public's mind, especially in the environmental community, the Administration is not viewed as very committed to the development of solar energy. That perception, though unfair, can be attributed to three factors: (a) the FY '79 budget for solar energy -- if the solar tax credits are excluded -- is below the '78 budget; (b) the National Energy Plan is widely viewed as having largely ignored solar and alternative energy sources and concentrated instead on oil, natural gas and coal; and (c) the Administration has not played a leading role as a public proponent of solar energy.

This perception of the Administration will be altered if you decide to approve some additional solar energy funding, as Jim Schlesinger's Energy Supplies Initiative Memorandum requests. Your activities on Sun Day will help to identify you personally with solar energy. But these steps will need bolstering if a perception that has been building for nearly a year is to be changed.

THE WHITE HOUSE  
WASHINGTON

August 16, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rich Hutcheson

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
✓	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE  
WASHINGTON

*done*

TUESDAY - 11:45 A.M.

MR. PRESIDENT

SENATOR MARK HATFIELD CALLED  
TO OFFER HIS ENCOURAGEMENT  
TO YOU AND PROBABLY TO  
INVITE YOU TO DINNER AT HIS  
HOME. FRANK'S OFFICE  
RECOMMENDS YOU RETURN HIS  
CALL; BUT NOT ACCEPT THE  
INVITATION TO DINNER.

PHIL

THE WHITE HOUSE  
WASHINGTON

August 16, 1978

Tim Kraft

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson  
REPUBLICAN POSITION -- SEC

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
/	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
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	SCHULTZE

	ARAGON
	BOURNE
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	PETERSON
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	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

TO: Rosalynn Carter

FROM: Bill Milliken

SUBJECT: Republican Position on the Securities  
and Exchange Commission

*Handwritten:*  
Tim - info.  
(also, keep Jose  
Cabrera in  
mind)  
J

Dean Overman is a very good friend of mine who has worked closely with our Cities in Schools effort.

Dean was a White House Fellow, working for Nelson Rockefeller, and is presently a partner in the law firm of Winston & Strawn. He also teaches secured financing at the University of Virginia Law School.

He is interested in the presently available Republican position on the Securities and Exchange Commission. He has the support of many leading Republicans and also some leading Democrats, including Ann Chambers, Philip Alston, Dick Kattel, Ambassador Sol Linowitz (a close friend of Dean's), Bette Anderson, Dr. Ernest Boyers, and Jim Parham.

Attached is a copy of his resume and copies of some letters of support. I think he is well qualified for the position, and I can vouch for his integrity and commitment.

Tim Kraft is handling this matter at the White House. If you are so inclined, it would be helpful if you would forward Dean's resume to Tim and encourage him to give it careful consideration.



1. Employment

- A. January 1977 - Present Partner, Winston & Strawn  
Washington, D.C.---Elected partner in this Chicago-based law firm of approximately 130 attorneys with 50 partners. Practicing in the areas of corporate, securities, and commercial law; real estate financing; commercial litigation.
- Concurrent Activities:
- (1) 1977 - Consultant to Cities in Schools---Co-author of 200-page proposal and report to President Carter on integrated social services plan. Approved by President on March 30, 1977. Continuing to consult on implementation of plan known as, "Cities in Schools."
  - (2) 1977 - Visiting Faculty (Secured Financing), University of Virginia Law School---Teaching advanced course for third year law students in Secured Financing, with emphasis on equipment, inventory, accounts receivable, chattel paper and more esoteric financing arrangements.
  - (3) 1977 - Special Counsel to the Governor of the State of Illinois---Appointed by Governor Jim Thompson as Special Counsel advising the Governor and his staff by nonpolitical, objective transfer of policy information on matters of concern to the State of Illinois.
- B. September, 1976 - January, 1977 Associate Director, White House Domestic Council---appointed as Associate Director for Policy Review, White House Domestic Council. Subject to Hatch Act and responsible only for policy -- not political matters.
- C. September 1975 - September, 1976 White House Fellow, Assistant to Vice President Nelson Rockefeller---Appointed by President Ford as a White House Fellow. Selected at culmination of six month non-political application process by President Ford's Commission as one of fourteen Fellows from 2,307 applicants.
- D. 1970-1975 Partner, D'Aucona, Pflaum, Wyatt & Riskind, Chicago, Illinois (35 attorneys)---Granted a leave of absence from this corporate and business law firm for White House Fellowship.
- E. 1969-1970 Regional Heber Smith Fellowship, University of Pennsylvania School of Law---This fellowship, funded through the University of Pennsylvania Law School, was a \$10,000 one-year grant to study and practice poverty law.

II. Extra-Vocational Activities and Memberships

- A. Faculty Member (1973 and 1974), Illinois Institute for Continuing Legal Education.
- B. Editor, Commercial, Banking and Bankruptcy Newsletter of the Illinois State Bar Association (1973-1975).
- C. Monthly columnist on business and corporate law for the Institute Report of the Chicago Daily Law Bulletin (1973-1975).

III. Education

- A. 1965-1973 University of California and University of Chicago Graduate Schools of Business (Graduate courses in accounting, cost accounting, finance, economics, marketing, and taxation)
- B. 1966-1969 University of California School of Law (Boalt Hall) Berkeley, California, Juris Doctor, 1969
- C. 1965-1966 Princeton Theological Seminary, Princeton, New Jersey
- D. 1961-1965 Hope College, Holland Michigan, B.A., 1965 (Dean's list; Co-Captain, varsity basketball team - 2 M.I.A.A. championships; varsity golf team (handicap of 2); and sophomore class president)

- IV. Publications co-author of four law books and five law review articles on banking, corporate, tax and securities law.

PHILIP H. ALSTON, JR.

June 27, 1978

Mr. Tim Kraft  
The White House  
Washington, D. C. 20006

Dear Tim:

Dean Overman has come to my attention as a suitable candidate for Commissioner of the Securities and Exchange Commission.

I came to know Dean through three sources -- Bill Milliken, The White House Fellows Program, and his law firm Winston & Strawn-- three strong credentials. I commend him to your careful consideration.

Personal regards,

*Philip H. Alston*

cc: Dean Overman, Esq.  
Winston & Strawn  
1730 Pennsylvania Ave., N. W.  
Suite 1040  
Washington, D. C. 20006

United States Senate

WASHINGTON, D.C. 20510

June 27, 1978

Dear Mr. Kraft:

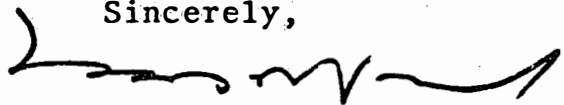
It has been recently brought to my attention that Dean Overman is being considered for the position of Commissioner of the SEC. I would like to strongly recommend him for this position.

My contact with Mr. Overman has spanned several years. His educational and vocational background speak for themselves and show his widely diversified interests and accomplishments. They also reflect his high integrity and quality of commitment. In every way, he is well qualified for the position he seeks.

Would you please give his application every consideration and let me know the outcome of your decision?

My best regards.

Sincerely,



Mr. Tim Kraft  
The White House  
Washington, D.C. 20500

Mr. Timothy Kraft  
Assistant to the President  
for Political Affairs and  
Personnel  
The White House  
Washington, D.C. 20500

Dear Tim,

I would like to call to your attention Dean Overman for consideration as a Republican appointment to the Securities and Exchange Commission.

Mr. Overman is a partner in the law firm of Winston & Strawn (Chicago and Washington, D.C.), and practices in the area of Corporate and Securities law.

He was previously a White House Fellow and has helped on social programs in President Carter's administration.

I hope you will give strong consideration to his appointment.

Sincerely,

Anne Cox Chambers  
Ambassador

THE WHITE HOUSE

WASHINGTON

August 16, 1978

MEETING WITH GEORGE LE MAISTRE

Oval Office

11:55 a.m. (3 minutes)

by: Tim Kraft

I. PURPOSE:

Farewell greeting to retiring FDIC  
Chairman

II. BACKGROUND, PARTICIPANTS, PRESS:

BACKGROUND:

George Le Maistre (La-māter, like "tomater") was appointed to the FDIC five years ago, at Senator Sparkman's urging, by President Nixon to fill a Democratic position. He has served well, keeping the banking business matters well afloat during some strenuous times.

Given our lack of consensus on a successor (Deputy Chairman Lou Odom's desire to succeed faces Proxmire fight on the Hill), we wanted to persuade Le Maistre to continue in office through the end of the year. Mr. Kirbo made this request, but Le Maistre begged off, saying he has left his apartment, shipped his furniture, and has accepted a teaching position with the University of Alabama (the Banking Chair, in the School of Commerce).

PARTICIPANTS:

George Le Maistre, Chairman, FDIC  
Virginia Le Maistre, wife of Chairman

PRESS:

White House Photo

III. TALKING POINTS:

You should ask him to stay, but be prepared to accept his departure, and thank him for the job he has done. He is a good Democrat and, in his letter of resignation, wished you all the success in your job, with words of support.

MEETING WITH THE ADVISORY COMMITTEE ON FEDERAL PAY

Wednesday, August 16, 1978  
11:00 a.m. (20 minutes)  
The Cabinet Room

From: Jim McIntyre

*Jim*

*Jimmy Carter*

*C*

I. PURPOSE

To discuss the Committee's recommendations on the size and timing of the October Federal pay adjustment.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: The Advisory Committee consists of three distinguished non-government labor-management relations experts, whose statutory role is to give you independent advice as to the size and distribution of the annual comparability pay raise.

You met with this Committee last year (September 16, 1977) and discussed the FY 78 7.05 percent across-the-board increase and the Government's relationship with its Federal employees in setting pay.

In April you indicated your intention to limit Federal civilian pay increases to 5.5 percent. Your Pay Agent (Secretary of Labor, Director of OMB and Chairman, CSC) has found that an average 8.4 percent increase is needed to achieve comparability between Federal white collar civilians and their private sector counterparts. You have already received a memorandum from Jim McIntyre outlining 3 options for implementing the 5.5 percent limitation in view of this finding.

The Federal Employees Pay Council, union leaders, who under law are to confer with the Pay Agent on comparability methodology and the increase, resigned after your April announcement. However, they have asked the Advisory Committee to carry their views directly to you.

The Advisory Committee is known to feel strongly that across-the-board increases are undesirable and that repeated limitations on white collar pay increases will have serious effects on the principle of comparability. Their reasons are explained in their draft report (attached).

B. PARTICIPANTS

Members of the Advisory Committee and your Pay Agent. Attached is a list of attendees.

C. PRESS PLAN: Photo only.

III. TALKING POINTS

- A. You might open the meeting by recalling your meeting with the Committee last year and acknowledging your reappointment of Jerry Rosow as Chairman for another 6-year term. You could then thank him and the other members for serving and note that the Government derives great benefit from the service of experts like themselves who volunteer to serve on committees such as this one.
- B. State that you have read their report and ask them for a quick summary of what they consider as their major points of concern.
- C. After their response, focus the discussion on your major concerns.

## Meeting Participants

### Advisory Committee on Federal Pay

Jerome M. Rosow	Committee Chairman. President and Director, Work in America Institute
Roy L. Ash	Chairman and Chief Executive Officer, Addressograph-Multigraph Corporation (Former Director of OMB)
Frederick A. Livingston	Senior Partner, law firm of Kaye, Scholer, Fierman, Hays & Handler, New York, N.Y.

### Office of Management and Budget

James T. McIntyre, Jr.	Director
Wayne G. Granquist	Associate Director, Management and Regulatory Policy
Edward F. Preston	Assistant Director, Federal Personnel Policy

### Department of Labor

Robert J. Brown	Under Secretary
Willis J. Nordlund	Special Assistant to the Under Secretary

### Civil Service Commission

Alan K. Campbell	Chairman
Fred Kistler	Director, Bureau of Policies and Standards

### Department of Defense

John P. White	Assistant Secretary of Defense, (Manpower, Reserve Affairs and Logistics)
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REPORT ON THE FISCAL 1979 PAY INCREASE UNDER  
THE FEDERAL STATUTORY PAY SYSTEMS

Annual Report of the  
Advisory Committee on Federal Pay  
August 14, 1978

ADVISORY COMMITTEE ON FEDERAL PAY  
1730 K STREET, N.W.  
WASHINGTON, D.C. 20006

August 14, 1978

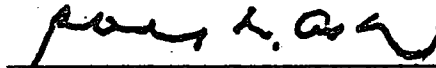
The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

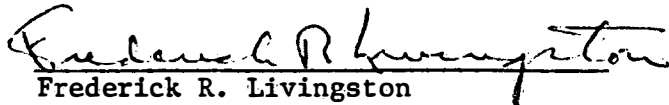
The Advisory Committee on Federal Pay has the honor of submitting to you its seventh annual report. The report incorporates our findings and recommendations with respect to the Fiscal 1979 pay adjustment for approximately 1.4 million Federal civilian employees.

The Committee hopes that our recommendations will prove useful to you in arriving at your decision.

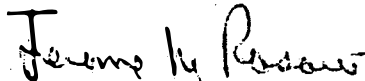
Respectfully submitted,



Roy L. Ash  
Member



Frederick R. Livingston  
Member



Jerome M. Rosow  
Chairman

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## I. INTRODUCTION

Recommendations of the Advisory Committee on Federal Pay regarding the Fiscal 1978 salary adjustment for approximately 1.4 million civilian white-collar government employees covered by the Federal Pay Comparability Act of 1970 are contained in this, the seventh annual report of the Committee. In addition, about 2 million members of the Armed Forces receive the same percentage increase as employees covered by the comparability legislation.

## II. RECOMMENDED PAY ADJUSTMENT

Section 5301(a) of the Federal Pay Comparability Act of 1970 provides:

"(a) It is the policy of Congress that Federal pay fixing for employees under statutory pay systems be based on the principles that--

"(1) there be equal pay for substantially equal work;

"(2) pay distinctions be maintained in keeping with work and performance distinctions;

"(3) Federal pay rates be comparable with private enterprise pay rates for the same levels of work; and

"(4) pay levels for the statutory pay systems be interrelated.

The Advisory Committee endorses the comparability increases recommended by the President's Agent for October 1978. These are presented in table 1. They vary from 6.14 percent in Grade GS-2 to 13.27 percent in Grade GS-15. The recommendations are consistent with the principles established under the Act.

This wide difference in required pay adjustments is attributable to two factors: (1) The 1977 Federal uniform percentage pay increase left a comparability gap behind private sector pay for Grades 12 and above. (2) From the spring of 1977 to the spring of 1978, salaries rose somewhat faster in the private sector for work comparable to the higher graded jobs than for work in lower job classifications.

This year the President's Pay Agent report stated: "much of the steepness of the distributional pattern is caused by the carry-over effect of last year's uniform across-the-board increase." 1/

Our Committee accepted last year's decision for a uniform percentage increase with great reluctance, and only because such an increase had been agreed to by the Pay Agent and the Pay Council on a one-time basis. We said in 1977: "We would look askance at any suggestion that it be a 'two-time thing.' Uniform percentage increases represent a departure from true comparability envisaged by the statute. They are inequitable to workers in some grades and impair the government's ability to attract and retain the most competent employees in critical positions." 2/ We continue to adhere to that view. Indeed, another uniform percentage increase would compound the gap in comparability and further erode the comparability principle.

The President in April announced his intent to limit this year's Federal pay increase to "about 5.5 percent." 3/ This policy has been reiterated on a number of occasions since April. There is no reason to assume that the President will modify his decision. Accordingly, we focus our discussion and recommendations on the best method for implementing the President's objective in a manner most consistent with the criteria provided under the Comparability Act.

Among the many options available, the three most likely are selected for discussion:

1. Uniform Adjustment. An across-the-board uniform increase of 5.5 percent effective the first pay period beginning in October. This would:
  - a. Fulfill employee expectations in terms of the popular interpretation of the meaning of the "about 5.5 percent" pay cap.
  - b. Violate all four criteria set forth in the Comparability Act.

---

1/ "Comparability of the Federal Statutory Pay Systems With Private Enterprise Pay Rates," Annual Report of the President's Pay Agent, 1978.

2/ "Report on the Fiscal 1978 Pay Increase Under the Federal Statutory Pay Systems," Annual Report of the Advisory Committee on Federal Pay, September 6, 1977.

3/ Address of the President to the American Society of Newspaper Editors, April 11, 1978.

- c. Be inconsistent with the President's Civil Service reform program, which stresses the need for competence and motivation at the higher levels of the government service.
  - d. Leave a comparability gap ranging from 0.65 percent at Grade 1 to 7.57 percent at Grade 15 (see table 2).
  - e. Create an even greater pay gap next year at the higher grades as a result of the further advance of private sector pay. This gap could become so large that it would be very difficult to close. Yet, failure to do so would seriously impair the government's ability to attract and retain personnel competent to effectively initiate and administer government programs.
2. Proportionate Reduction of Comparability. Increases for each grade would be reduced proportionately from full comparability (average 8.4 percent) to the proposed 5.5 percent pay cap (see table 3). This:
- a. Represents the most equitable method.
  - b. Stays within the 5.5 percent limit.
  - c. Retains the principle of pay increases proportional to changes in the private sector that is an essential part of comparability.
  - d. Provides increases ranging from 4.02 percent at GS-2 to 9.88 percent at GS-16, Step 1.
  - e. Distributes the largest percentage increases to those who lagged behind comparability and the smallest to those who received slightly more than comparability in 1977.
  - f. Would disappoint employees in Grades GS-1 to GS-10--who expect about 5.5 percent.

3. Modified Comparability. An increase of 5.5 percent for each grade, delayed to the payroll period commencing December 17, with an add-on to make up for half of the gap between 5.5 percent and full comparability. The average cost for the fiscal year would be 5.61 percent.
  - a. Salary rate increases would vary from 5.82 percent in Grade 2 to 9.58 percent in Grade 16, Step 1. Average increases in the fiscal year resulting from deferral would vary from 4.7 to 7.74 percent (see table 4).
  - b. The 5.61 percent fiscal year cost would fall within the limits announced by the President.
  - c. Deferral to December 17 (five pay periods) would reduce Federal compensation costs in calendar 1978 about \$525 million compared to a 5.5 percent across-the-board increase on October 10.
  - d. Deceleration of Federal pay would further symbolize to the nation the President's determination to combat inflation.
  - e. Whereas this does not reflect the true pay-line, it does represent a workable trade-off between the principles under the law and the practical realities. It allows a response to the lower paid groups facing inflation while it closes half the gap in the higher grades. It represents a reasonable compromise.

### III. LABOR RELATIONS

This year, for the first time, the President's Pay Agent and the Federal Employees Pay Council worked out formal procedures to conduct their deliberations in a more effective manner. Under these procedures, unresolved issues were to be referred to the Advisory Committee. These procedures were working reasonably well until the members of the Pay Council withdrew in protest against the President's April announcement that he intended to put a cap on Federal pay.

Despite their withdrawal, the Federal employee unions accepted the Advisory Committee's invitation to appear in their individual capacities to state their views and comments on the Pay Agent's proposed payline and the President's intent to put a cap on Federal pay. Organizations representing professional employees also appeared at Advisory Committee hearings. It is clear that the unions and other employee organizations look to the Advisory Committee as a bridge to the President and his Pay Agent.

The Federal Employees Pay Council was established pursuant to the statute to involve Federal unions in the pay fixing process. The Carter Administration achieved positive results in 1977 by a series of effective measures to increase the participation of the Pay Council and to raise the level of confidence. Unfortunately, the President's announced intention to cap Federal pay in 1978 erased many of these gains.

The Advisory Committee is most concerned over the deterioration of labor relations. Although the Federal unions have been modest and patient, the pressure for more militant action seems to be increasing. The repetition of unilateral action by the Executive Branch leaves the union leadership and the Pay Council without any useful role. This situation will become worse before it becomes better unless forceful steps are taken to undo the damage.

A number of critical issues were left unresolved at the time of the union withdrawals. We believe it is premature for us to comment on any of those issues at this time. We urge the President to turn this situation around. Positive steps should be taken as soon as possible to restore the Pay Council, resume discussions, provide for genuine give and take negotiations, and restore a reasonable measure of confidence in the pay fixing process.



#### IV. RECOMMENDATIONS

While we endorse the payline recommended by the President's Pay Agent, effective in October, we are aware of no evidence that the President plans to deviate from his announced intent to limit the increase to about 5.5 percent. Accordingly, our recommendation relative to the alternative plan is designed to provide compatibility between the President's objectives with respect to inflation and realistic adherence to the principle of comparability.

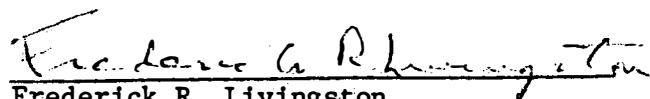
We recommend that the President:

1. Adopt the "modified comparability" option--an increase of 5.5 percent for each grade, delayed until December 17, with an add-on to make up half of the gap between 5.5 percent and full comparability.
2. Take prompt action to revive the Pay Council and to restore a reasonable measure of employee and public confidence in the pay fixing process.
3. Preserve the comparability system, as it represents the best method thus far devised to determine Federal pay.

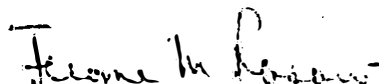
Respectfully submitted,



Roy L. Ash  
Member



Frederick R. Livingston  
Member



Jerome M. Rosow  
Chairman

Table 1. Proposed Comparability Salary Increases  
for the General Schedule

GS Grade	Percentage increases needed for compara- bility	Proposed Step 1 Rates
1 -----	6.15	\$ 6,602
2 -----	6.14	7,467
3 -----	6.18	8,420
4 -----	6.27	9,460
5 -----	6.40	10,597
6 -----	6.58	11,831
7 -----	6.80	13,175
8 -----	7.07	14,628
9 -----	7.39	16,205
10 -----	7.75	17,907
11 -----	8.17	19,749
12 -----	9.14	23,883
13 -----	10.31	28,704
14 -----	11.68	34,343
15 -----	13.27	40,971
16 With ceiling <u>1/</u> -----	12.00	47,500
With no ceiling -----	15.08	48,821
17 With ceiling -----	0	47,500
With no ceiling -----	17.12	58,204
18 With ceiling -----	0	47,500
With no ceiling -----	19.40	69,547
Actual payroll increase (\$47,500 ceiling) -----	8.40	

1/ Step 1. Smaller increases or no increase for higher steps.

Table 2. Comparability Gap Left by 1977 General Schedule  
Pay Increase and Gap That Will Result From a Uniform  
5.5 Percent Increase in 1978

GS Grade	October 1977 comparability gap	October 1978 comparability gap, assuming a uniform 5.5 percent increase
1 -----	.03	.65
2 -----	.23 above comparability	.64
3 -----	.44 above comparability	.68
4 -----	.60 above comparability	.77
5 -----	.71 above comparability	.90
6 -----	.77 above comparability	1.08
7 -----	.79 above comparability	1.30
8 -----	.76 above comparability	1.57
9 -----	.68 above comparability	1.89
10 -----	.55 above comparability	2.25
11 -----	.38 above comparability	2.67
12 -----	.12	3.64
13 -----	.81	4.81
14 -----	1.71	6.18
15 -----	2.80	7.57
16 With ceiling - Step 1 <u>1</u> -	4.11	6.50
With no ceiling	4.11	9.58
17 With ceiling -----	0	0
With no ceiling -----	5.54	11.62
18 With ceiling -----	0	0
With no ceiling -----	7.39	13.90

1/ Higher steps limited in 1977 or 1977 and 1978 by \$47,500 ceiling.

TABLE 3. PROPORTIONATE REDUCTION OF COMPARABILITY

Percent Increases in Pay if Comparability Pay Increase for Each General Schedule Grade Were Reduced Proportionately From the Average 8.4 Percent Increase Required for Comparability to the Proposed 5.5 Percent Cap			
GS Grade	Present grade average	Percent increase--	
		To remove com- parability gap	With 5.5 per- cent pay cap <u>1/</u>
1 -----	\$ 6,405	6.15	4.03
2 -----	7,249	6.14	4.02
3 -----	8,524	6.18	4.05
4 -----	9,918	6.27	4.11
5 -----	11,321	6.40	4.19
6 -----	12,782	6.58	4.31
7 -----	13,946	6.80	4.45
8 -----	15,847	7.07	4.63
9 -----	16,924	7.39	4.84
10 -----	18,869	7.75	5.07
11 -----	20,563	8.17	5.35
12 -----	24,760	9.14	5.98
13 -----	29,755	10.31	6.75
14 -----	35,087	11.68	7.65
15 -----	41,800	13.27	8.69
16 With ceiling <u>2/</u> -----	-	12.00	9.88
With no ceiling -----	-	15.08	9.88
17 With ceiling -----	-	0	0
With no ceiling -----	-	17.12	11.21
18 With ceiling -----	-	0	0
With no ceiling -----	-	19.40	12.70
Actual payroll increase (\$47,500 ceiling)		8.40	5.5

1/ 65.5 percent ( $5.5 \div 8.4$ ) of comparability increase.

2/ Step 1. Steps 2, 3, and 4 would get smaller increases and higher steps no increase.

TABLE 4. MODIFIED COMPARABILITY

Pay Increases That Would Result From Adding  
Half the Lag Behind Comparability as of  
1978 to a 5.5 Percent Pay Increase

GS Grade	Proposed per- centage pay rate increase	Average percentage in- crease for fiscal year if effective December 17 <u>1/</u>
1 -----	5.83	4.7
2 -----	5.82	4.7
3 -----	5.84	4.7
4 -----	5.89	4.8
5 -----	5.95	4.8
6 -----	6.04	4.9
7 -----	6.15	5.0
8 -----	6.25	5.0
9 -----	6.45	5.2
10 -----	6.63	5.4
11 -----	6.84	5.5
12 -----	7.32	5.9
13 -----	7.91	6.4
14 -----	8.59	6.9
15 -----	9.38 <	7.6
16 With ceiling (Step 1) <u>1/</u> ---	9.58	7.74
With no ceiling -----	9.58	7.74
17 With ceiling -----	0	0
With no ceiling -----	11.62	9.39
18 With ceiling -----	0	0
With no ceiling -----	13.90	11.23
Average payroll increase -----	6.95	5.6

1/ A five pay period delay from October 10.


2/ Steps 2, 3, and 4 would get smaller increases; other steps no increase.

14.7  
1 week later - 5.61  
5.50



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

FROM: JIM MCINTYRE   
SUBJECT: Implementing the Federal White Collar Civilian  
and Military Pay Raise

In April you announced your intention to freeze executive salaries and limit other civilian and military increases to 5.5 percent. Necessary legislative action was initiated in the Senate to freeze executive salaries and limit pay increases. However, to limit white collar and military increases, you should exercise the alternative plan authority under the comparability law. In deciding on an alternative plan you need to consider the following:

- The comparability principle is a sound basis for adjusting Federal pay. Through it the Government is not a leader or pace setter in establishing wage trends but rather follows the pattern of increases already granted in the private sector. This Administration, in your campaign statements, in subsequent assurances to union leaders, and in testimony of Administration officials before the Congress, is firmly committed to the comparability principle. Our commitment is based on the fact that comparability is implemented by a systematic and realistic process of pay setting far superior to the "shotgun" approach based primarily on emotional factors and pressures unrelated to the needs of Government.
- By law, military pay goes up at the same time and by the same amount as white collar civilian pay.
- The BLS survey which annually measures pay levels for private sector jobs showed an overall increase of 7.9 percent, with clerical salaries rising 7.4 percent, and professional, administrative and technical salaries up 8.3 percent.

- Your Pay Agent applied the BLS survey data to the Federal white collar workforce by occupation and grade level as is required by the comparability law. The results showed that an overall 8.4 percent increase, with 6.15 percent at the bottom and 13.27 percent at GS-15 (the highest grade at which the majority would receive full increases due to the ceiling) is required to achieve comparability between Federal and private sector salaries. Accordingly, your Pay Agent will shortly propose this schedule of increases to you in their report required by law.
- The comparability increases are tilted towards the high end of the GS schedule because:
  - This year, private sector employees with high salaries received larger increases than those with lower salaries.
  - Last year's BLS survey showed the same tilt in increases but that year we gave an across-the-board 7.05 percent increase. Therefore, more is needed now to make up for last year's shortfall at the higher levels.
- The Federal Employees Pay Council--employee union leaders with whom the Pay Agent confers on the pay increases--resigned after the announcement of your intention to limit this year's increase. However, union leaders did appear before your Advisory Committee on Federal Pay. The Committee also reviewed a draft of the Pay Agent's report and later expressed the following concerns:
  - The difference between comparability increases averaging 8.4 percent and a possible 5.5 percent pay limit is so large that it seriously threatens the future of the comparability principle. The Committee believes that while the comparability process has some shortcomings, it is the proper basis for Federal pay and has proven over the years to be an economical approach. (See attachment 1 for some comparisons.)
  - Across-the-board increases such as last year's 7.05 percent increase and a possible 5.5 percent increase this year, are highly undesirable. The law calls for increases determined on a grade by grade basis in comparison with the private sector. When across-the-board increases are given, comparability by grade is upset and unpalatable increases such as the high increase at the top of the schedule this year, become necessary.

- Blue collar pay increases will not be covered by your action on white collar and military pay. However, blue collar increases are expected to be limited to 5.5 percent through amendments to appropriations acts.

I believe there are three options you should consider to limit the FY 79 increase to 5.5 percent. They are:

- (1) Give a 5.5 percent increase in all salaries extending throughout the year. (Option 1, on the attached table, "Flat 5.5 percent")
- (2) Give the comparability increases but delay implementing them until mid-February. This delay means that the FY 79 cost of the increase will be the same as a 5.5 percent increase implemented at the beginning of the fiscal year. (Option 2, "Full Comparability")
- (3) Give the comparability increases up through grade GS-9, then taper the comparability increase down to a maximum of 7.5 percent, and delay these increases until just before Christmas to equal the FY 79 cost of a 5.5 percent year long increase. (Option 3, "Modified Comparability")

Under any of the three options, all military grades receive the same increase equal to the overall average percentage increase in white collar salaries, and at the same time.

## DISCUSSION

### Option 1 - Flat 5.5 percent.

This alternative is generally favored by your anti-inflation advisors as having the most symbolic value in their campaign. It is the most consistent of the three alternatives with caps proposed for blue collar workers in appropriations bills. However, it is likely to lead to the eventual destruction of the comparability system. This is because each 1 percent increase in Federal white collar/military pay costs about \$500 million. Pay caps have a cumulative effect, so it won't take many caps with shortfalls like this year's 3 percent (8.4 comparability minus the 5.5 percent cap) to produce such a large comparability gap that no President will want to incur the cost of making it up. Then we could revert to the chaotic pay setting situation, both civilian and military, that existed prior to enactment of the comparability principle.

### Option 2 - Full Comparability.

The delay mechanism is a traditional method of implementing alternative plans. This will hold the increase in spending for payroll to 5.5 percent this year. However, it does mean that



in February, an increase averaging 8.4 percent will go into effect. Even though FY 79 payroll costs will be increased by only 5.5 percent, this alternative may not have as much symbolic anti-inflation impact as a flat year long 5.5 percent increase. On the other hand, the principle of comparability to which the Administration is committed would remain intact as we would end FY 79 with Federal salaries at comparability. In addition, a comparability pay raise would heighten the likelihood of re-constituting the Federal Employees Pay Council, and because of the linkage between civilian and military pay increases, recruitment and retention of military personnel would be aided.

### Option 3 - Modified Comparability.

This option also holds the FY 79 payroll increase to 5.5 percent. However, it should have more appeal to your anti-inflation advisors than option 2 since the average increase of 7 percent that would go into effect just before Christmas would be less than the average 8 percent increase in private sector major wage settlements this year, and be at about what Barry Bosworth quotes as the national average. Further, since the increase would be delayed, it would lessen the psychological momentum of inflation by delaying the injection of added purchasing power into the economy. It would also maintain the basic principle of comparability. Employees up through grade GS-9-- about 62 percent of white collar employees would be at full comparability when they receive their increase. Above grade 9, the increases are tapered to peak at 7.5 percent, considerably lower than comparability increases. However, they are higher than those under a flat 5.5 percent year long cap and leave about half the shortfall to make up in later years (\$750 million versus \$1.5 billion).

Each one of these options poses problems. Under the first, as noted, we need to be concerned about the effect on the comparability system. Both the second and third options might be interpreted to mean that you have changed your mind. That interpretation is likely to be detrimental to the anti-inflation effort. Both options would raise base outlays in 1980: Option 2 by almost \$1.5 billion and Option 3 by \$750 million.

### NEXT STEP

You are scheduled to meet with the Advisory Committee on Federal Pay August 16, 1978 at 11:00 a.m. At that time we can discuss your forthcoming decision more fully. Your decision on the alternative plan should be made before August 31, 1978 so the plan can be prepared and forwarded to the Congress by that legally prescribed date.

The comparability process has produced moderate results for Federal civilian white collar and military pay. The following compares Federal white collar and military pay increases with private sector pay increases and the cost of living since 1970.

<u>Federal White Collar</u>	<u>Military</u>	<u>Private Sector White Collar</u>	<u>Annual Hourly Earnings Index</u>	<u>Consumer Price Index</u>
52.0%*	59.2%*	63.4%*	71.5%	61.1%

\* These figures could be expected to be closer since Federal pay is at comparability. However, methodological changes, permitted under the comparability law, were made during the period to implement recommendations of various review groups and changes were made in the law prescribing the methodology for linking military and civilian increases.

Relevant in employee's minds is how their pay has increased in comparison with other Federal pay. The following table compares white collar and military pay increases with pay increases of other Federal workers over the past five years.

<u>Federal White Collar</u>	<u>Military</u>	<u>Federal Blue Collar</u>	<u>Federal Postal Service</u>
30.6%	33.4%	49.7%	59.2%

## PAY INCREASE OPTIONS

GS Grade	Number of GS Employees	Current Average Salary	Option 1		Option 2		Option 3	
			<u>"Flat 5.5%"</u>		<u>"Full Comparability"</u>		<u>"Modified Comparability"</u>	
			<u>Percent Increase</u>	<u>Average Salary</u>	<u>Percent Increase</u>	<u>Average Salary</u>	<u>Percent Increase</u>	<u>Average Salary</u>
1	1,586	\$6,405	5.5%	\$6,757	6.15%	\$6,799	6.15%	\$6,799
2	22,634	7,249	5.5	7,648	6.14	7,695	6.14	7,695
3	94,657	8,524	5.5	8,993	6.18	9,051	6.18	9,051
4	175,973	9,918	5.5	10,463	6.27	10,540	6.27	10,540
5	187,860	11,321	5.5	11,944	6.40	12,046	6.40	12,046
6	86,989	12,782	5.5	13,485	6.58	13,623	6.58	13,623
7	128,516	13,946	5.5	14,713	6.80	14,894	6.80	14,894
8	27,695	15,847	5.5	16,719	7.07	16,968	7.07	16,968
9	140,413	16,924	5.5	17,854	7.39	18,174	7.39	18,174
10	26,648	18,869	5.5	19,907	7.75	20,332	7.41	20,267
11	152,856	20,563	5.5	21,694	8.17	22,242	7.43	22,092
12	150,121	24,760	5.5	26,122	9.14	27,022	7.45	26,604
13	108,527	29,755	5.5	31,392	10.31	32,822	7.47	31,979
14	54,953	35,087	5.5	37,017	11.68	39,186	7.49	37,714
15	27,111	41,780	5.5*	43,905	13.27*	46,082	7.50*	44,576
16	3,408	46,621	5.5*	47,500	15.08*	47,500	7.50*	47,500
17	1,060	47,500	5.5*	47,500	17.12*	47,500	7.50*	47,500
18	398	47,500	5.5*	47,500	19.40*	47,500	7.50*	47,500

Total 1,391,405

Month Increase Effective	October	February	December
Average Payroll Increase, FY 79	5.4%	5.4%	5.4%
Annualized Payroll Increase	5.4%	8.4%	7.0%

\*Will not receive the full increase due to the \$47,500 statutory ceiling.

9:13 AM

THE WHITE HOUSE

WASHINGTON

August 15, 1978

MEETING WITH CONGRESSIONAL CANDIDATE, DON ALLEG RUCCI (5-KA)

Wednesday, July 16, 1978

9:20 a.m. (2 minutes)

The Oval Office

FROM: FRANK MOORE *F.M./BR*

I) PURPOSE

A photo with the President

II) BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: Don Allegrucci is the Democratic candidate in the 5th District of Kansas seat being vacated by Republican incumbent Joe Skubitz. Allegrucci, a 41 year old lawyer and state senator from Pittsburg, Kansas, was the winner in a 5 man primary field on August 1. The primary race lacked any real discussion of issues and Allegrucci victory is credited to his having the best personal style and organization.

The district is located in the Southeast corner of the state and contains what is called the "Balkans" of Kansas for its population of Eastern and Southern Europeans. The district also contains a significant senior citizens population.

This is the best chance the Democrats have had to recapture this seat in many years. Allegrucci has a very good chance at becoming the next congressman from the 5th District.

B. The President and Don Allegrucci

C. White House Photographer

III) TALKING POINTS

A. Usual courtesies

THE WHITE HOUSE  
WASHINGTON

8/16/78

Mr. President:

I understand the VP has invited  
you and Rosalynn to his house tonight  
for a White House Press Corps party.  
Do you have any interest in attending?  
It begins at 7:30 pm.

Phil

no  
J

THE WHITE HOUSE

WASHINGTON

August 15, 1978

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS, CARYL CONNER

SUBJECT: Draft Remarks for Signing of Urban Executive Orders

The attached has been cleared by Jerry Rafshoon, Stu Eizenstat and Anne Wexler.

LIPSHUTZ MEMO

THE WHITE HOUSE

WASHINGTON

August 15, 1978

LUNCH WITH CHAIRMAN JOHN M. MURPHY (D-17-N.Y.)

Wednesday, August 16, 1978  
12:00 p.m. (30 minutes)  
The Oval Office

From: Frank Moore *F.M./or*

I. PURPOSE

To discuss Panama Canal implementation legislation.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

Background: Congressman John Murphy (Jack) has had a long-standing interest in the Panama Canal issue. Until 1976, he was Chairman of the Panama Canal Subcommittee and since that time as Chairman of the full Committee he has maintained a continuing interest and has sat in on many of the Subcommittee meetings. He opposed the treaties and voted consistently for measures which would have hamstrung our treaty negotiation efforts. He has, in addition, surrounded himself with a staff which supplied much of the intellectual framework used by the opponents of the treaties. In a reorganized Congress in January, Chairman Murphy's role may be even more important, as there is a possibility that Ralph Metcalfe, who is favorable to our interests in implementing the treaties, may accept a chairmanship on the Commerce Committee and relinquish his role in Panama Canal matters.

Since the treaties have been ratified, Chairman Murphy has slightly altered his position and has voted against amendments (primarily sponsored by Rep. Hansen) which would have impeded treaty implementation planning and contact. His motives may be two-fold. First, now that the treaties have been ratified, the smooth and efficient operation of the Canal at a minimum cost to shippers becomes a matter of primary concern to the Merchant Marine and Fisheries Committee. Murphy recognizes that it is necessary to continue our contacts and good working relationship with Panama to assure this goal. Second, he is extremely jealous of his prerogatives as a Committee



Chairman and probably views amendments such as those sponsored by Hansen as an invasion of his turf.

Murphy's staff is currently at work drafting his own implementing legislation. Merle Whitman, former Secretary of the Panama Canal Company, has been working on this legislation. It is our understanding that the Murphy bill would make the Panama Canal Commission subject to annual appropriations. This would be unfortunate, as it would reawaken the debate on an annual basis.

In addition to Chairman Murphy's strong interest in the Panama Canal issue, he maintains close ties with his West Point roommate, President Somoza of Nicaragua and makes frequent visits to Central America. Tensions between the Somoza government and Torrijos have also been a factor in his consideration of this issue.

Participants: The President, Chairman Murphy

Press Plan: White House photographer only.

### III. TALKING POINTS

1. Now that the treaties have been ratified, it is important that we work out a constructive partnership with Panama so that the Canal continues to operate efficiently during the next 22 years under our responsibility and that the Panamanians be fully prepared for their responsibilities in the year 2000.
2. Your role as Chairman of the Merchant Marine and Fisheries Committee is absolutely crucial to the development of an effective structure for the Panama Canal Commission which will run the Canal for the remainder of this century.
3. I recognize that you and your staff have considerable expertise and we will be looking forward to working closely together in developing the implementing legislation for the treaties.
4. One of our main concerns is to remove this issue from the political arena as soon as possible so that the Canal can serve its real purpose: expediting shipping. For this purpose, we would hope that the implementing legislation which we will submit will prove to be effective. We have now finished our work on the implementing legislation. We will be submitting it in

accordance with the wishes of the leadership at the very first moment when the new Congress convenes.

5. Your Committee will have primary responsibility for the major title in the implementing legislation which deals with the establishment of the Panama Canal Commission and setting of tolls.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

August 15, 1978

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLIE SCHULTZE *CS*

SUBJECT: Housing Starts in July

Tomorrow (Wednesday, August 16) at 2:30 p. m. the Census Bureau will release its estimate of housing starts in July.

Housing starts declined 1.8 percent in July, to an annual rate of 2,085 thousand units, from an upward revised estimate for June. This is a very small change in a volatile series; the annual rate of housing starts has essentially been on a plateau of 2.1 million units since March.

Residential building permits, which had risen 11.4 percent in June (as builders rushed to beat a deadline on new energy requirements in California) fell 8.8 percent in July. All of the decline occurred in the West; in the three other major regions, permits increased slightly last month.

The strength of housing activity continues to surprise us. There are reports of some weakness of demand for new homes in California and shortages of cement holding up construction in the western states generally. But we -- and other forecasters -- had been expecting to see a decline of housing starts by this time because of a tightening of financial markets. Our expectations were, fortunately, not fulfilled for two reasons:

- o Individuals have been willing to pay very high mortgage rates (9-1/2 to 10 percent) because they expect continued inflation of housing prices.
- o The new money-market certificates offered by the thrift institutions have strengthened deposit inflows greatly, and have prevented a drying up of mortgage credit supplies.

SIGNING CEREMONY FOR URBAN POLICY EXECUTIVE ORDERS

Wednesday, August 16, 1978  
1:30 p.m. (15 minutes)  
Room 450, Old EOB

From: Stu Eizenstat *SE*  
Anne Wexler *AW*

I. PURPOSE

To sign four Executive Orders that are part of your urban policy, to announce changes in existing Federal programs, and to transmit the Biennial Urban Policy Report to Congress.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: The event dramatizes your commitment to the urban policy and the progress made to date in implementing the urban initiatives. It will demonstrate to the public interest groups and the Congress that you are meeting the commitments that you made last March when the policy was announced.

The event focuses on the non-legislative components of the urban policy -- the four Executive Orders (see attached memorandum from Bob Lipschutz describing them) and the improvements in existing Federal programs. These actions are particularly important in light of the recent concerns about the prospects for our legislative initiatives. Completion of these actions should increase the pressure on the Congress to pass our legislative package.

- B. Participants: Individuals representing a wide range of public interest groups will be present. The participants include State and local officials, business leaders, labor leaders, civil rights and minority group leaders, community leaders and private citizens. Key participants invited include:

Milton Shapp - Governor of Pennsylvania  
James Conway - Mayor of St. Louis  
David Vann - Mayor of Birmingham, Ala.  
John Rousakis - Mayor of Savannah, Ga.  
Ann Crichton - Mayor of Decatur, Ga.  
Al Delbello - County Executive,  
Westchester, County  
Carl Langford - Mayor of Orlando, Fla.  
Henry Marsh - Mayor of Richmond, Va.  
Tom Moody - Mayor of Columbus, Ohio  
John Hutchinson - Mayor of Charleston, W.Va.  
Jessie Ratley - Council Member  
Clarence Mitchell - NAACP  
Hyman Bookbinder - American Jewish Committee

- C. Press Plan: White House Photo and Press Pool, and members of the press with a continuing interest in urban policy issues.

III TALKING POINTS

Separately submitted

VI ATTACHMENTS

1. Agenda for event
2. Memorandum describing Executive Orders.

V. SPECIAL INSTRUCTIONS

Upon arrival in Room 450, you should proceed to the podium and deliver your statement. After your remarks, you should move to the table on the stage and sign the four Executive Orders (your military aide will handle the paper and pens). After signing the orders, you will return to the podium and introduce Secretary Harris, excuse yourself and depart.

TALKING POINTS FOR YOUR DEPARTURE

- o I have to leave - Anne Wexler will chair the remainder of the meeting.
- o Before I go I would like to introduce my Secretary of Housing and Urban Development, Pat Harris. Today I am sending to the Congress the Biennial Urban Policy Report, which Pat will now discuss.

## SIGNING CEREMONY FOR URBAN POLICY EXECUTIVE ORDERS

### AGENDA

- 1:30 President Carter opens the briefing with statement and signs four Executive Orders
- 1:40 President Carter introduces Secretary Harris
- 1:42 President Carter departs
- 1:45 Secretary Harris announces transmittal of Urban Policy Report
- 1:50 Anne Wexler introduces panel participants
- 1:55 Briefing on Executive Orders:
- |                                  |                    |
|----------------------------------|--------------------|
| Federal Procurement              | Jay Solomon        |
| Federal Facilities               | Jay Solomon        |
| Urban Impact Analysis            | Jim McIntyre       |
| Interagency Coordinating Council | Bruce Kirschenbaum |
- 2:10 Briefing on improvements in existing programs:
- Stu Eizenstat
- 2:20 Briefing on status of urban policy legislation:
- Anne Wexler
- 2:30 Questions and answer period:
- Stu Eizenstat  
Anne Wexler  
Jay Solomon  
Jim McIntyre  
Bruce Kirschenbaum
- 2:45 Adjourn

THE WHITE HOUSE  
WASHINGTON

August 16, 1978

Hamilton Jordan

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Susan Clough



	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
✓	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER <i>she should</i>
✓	CLOUGH <i>see</i>
	COSTANZA <i>"T.V."</i>
	CRUIKSHANK
	FALLOWS
	FIRST LADY <i>Amber</i>
	GAMMILL <i>McCarthy</i>
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE  
WASHINGTON

August 10, 1978

MR. PRESIDENT- NO VOTES  
TODAY ON CSR. THESE  
ARE ORGANIZATIONS THAT  
ARE BEING HELPFUL & COULD  
BE MOBILIZED FOR ADDITIONAL  
SUPPORT. NOT ESSENTIAL  
CALLS BUT WOULD BE  
HELPFUL.

N.G.

Done  
J

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *HJ*

SUBJECT: RECOMMENDED CALLS TO CIVIL SERVICE REFORM SUPPORTERS

Of the many organizations lending support on civil service reform, several are making especially significant efforts. I recommend you call the individuals listed below to thank them for their assistance and urge them to even greater efforts in the days immediately ahead. All are supporting civil service reform as proposed by the Administration.

1. DAVID COHEN, President, Common Cause 833 1200

*Will help -  
Two days  
for record  
better*

Common Cause has been the most energetic outside supporter of our package. They have implemented a broad strategy including media contact, direct Hill lobbying and activation of their citizen network.

2. ROBINSON BARKER, Chief Executive Officer of PPG Industries and Chairman of the Business Roundtable's Committee on Civil Service Reform (412) 434 3311

*Done  
✓*

The Roundtable has supported our proposals from the outset (including veterans' preference modification). They have worked the appropriate House and Senate committees and have played a key role in calming more nervous elements of the business community regarding the Administration's intentions on the labor relations title and Hatch Act.

3. WALTER STULTS, Chairman of COSIBA (Council of Small and Independent Business Associations); Executive Vice President of NASBIC (National Association of Small Business Investment Companies) 638 3411

*"It" to  
Mike  
McKewitt*

COSIBA is the umbrella organization of this country's major small business organizations. Stults has been very helpful to us with the small business community and has been our key contact in securing the support of several small business organizations.

When talking to Stults it would be helpful to thank him for the assistance he has provided and to also ask him to redouble his efforts.

You should ask Stults to relay your special thanks to Mike McKeivitt, the top Washington person for the National Federation of Independent Businessmen, (the largest small business organization in the country). McKeivitt recently obtained a strong letter of endorsement on civil service reform from NFIB. You have already sent him a thank you letter in response.

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
/	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
/	MOORE
/	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE  
WASHINGTON

August 16, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

NATURAL GAS

THE WHITE HOUSE  
WASHINGTON

done  
J

CONGRESSIONAL TELEPHONE REQUESTS

TO: Cong. John Dingell (D-Mich) ✓  
Cong. Joe Waggoner (D-La) ✓  
Cong. Harley Staggers (D-WVa) ✓  
Sen. Henry Jackson (D-Wash) ✓

DATE: As soon as possible

RECOMMENDED

BY: Frank Moore *F.M./BR*

PURPOSE, See attached memorandum from Secretary Schlesinger  
BACKGROUND,  
TALKING  
POINTS

Date of Submission: August 15, 1978

*Scoop -  
Down to McClure -  
M Hatfield may help -*

*Staggers  
2:00 pm mtk today -  
hopeful*

*Waggoner -  
"Will stay in  
circle"*

*Dingell = now believes  
chance to resolve "issue"  
"Reuss, Corman,  
Rangel doubtful"*



Department of Energy  
Washington, D.C. 20585

August 15, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER

SUBJECT:

Natural Gas Conference Report

As the review of the draft materials in the Natural Gas Conference Report has progressed, disagreement over one issue -- concerning the level of continued regulatory requirements on natural gas producers -- has emerged as the major obstacle to obtaining a sufficient number of signatures on the conference report.

#### REGULATORY BACKGROUND

Currently, under the Natural Gas Act as interpreted by Supreme Court decisions, producers who sell gas in interstate commerce must first obtain a certificate from the Federal Energy Regulatory Commission (FERC, formerly the FPC) which states that the gas found on specified acreage will be dedicated in perpetuity to sale in interstate commerce. Once such acreage is dedicated, the producer must obtain an abandonment certificate from the FERC before such gas can be sold to anyone else other than the interstate pipeline named on the certificate. Pursuant to such dedications, producers are also required to file rate reports and other information with the Commission. This aspect of natural gas regulation is known as non-price regulation, since it deals with requirements on the producers other than ceiling prices.

The current controversy is focused on the extent to which such non-price regulation is to be eliminated under the compromise proposal. The actual text of the Conferees' May 3rd agreement contains a section entitled "Non-Price Regulation," which outlines a series of specific FERC non-price authorities, including contract terms of up to 15 years, a right of first refusal on expiring contracts for interstate pipelines, and filing of contracts with the Commission. Since the whole agreement covers the pricing of all natural gas (old and new, offshore and onshore) Congressmen and Senators from producing States are now arguing that this section outlines the exclusive source of non-price regulation in the agreement, thus eliminating the regulatory requirements under the Natural Gas Act.

The draft statutory language in the conference report, however, includes both the specified new non-price authorities, as well as a continuation of the requirements for certification, rate filings, and abandonment under the Natural Gas Act. These older and more cumbersome authorities apply to all new offshore gas, all new onshore gas from previously dedicated acreage, and all currently flowing natural gas.

The producers are, therefore, claiming that they have not been dealt with fairly in the drafting process because they will face more regulation under the compromise than they do now. The drafters, in turn, are claiming that the staffs of the Congressmen and Senators from the producing States participated in the drafting process and never raised these questions.

My own recollection of the matter is that it was certainly the intent of most of the participants in the negotiations that the burdens of current FERC non-price regulation would be removed at least with respect to new natural gas. If it were not, there would be no need for the special new authorities specified in the agreement.

Some Congressmen and Senators from producing States are also claiming that the agreement was designed to eliminate non-price regulation on flowing natural gas currently being sold in interstate commerce. This amounts to approximately 11 trillion cubic feet of the Nation's total gas supply, 75 percent of which is currently at 29 cents per mcf. I do not believe the question of removal of certification, abandonment and filing requirements on currently flowing interstate natural gas was either considered or addressed by the Conferees. Certainly, the agreement could be read in a way that suggests that this non-price regulation be removed. On the other hand, neither the House nor Senate passed bills, nor any of the deregulation bills of the past, have removed such non-price regulation from flowing interstate natural gas. Consumer interests have serious problems with removing this FERC regulation because they fear that in the absence of FERC certificates, 29 cent gas prices under existing contracts will escalate faster than would otherwise be the case. They also fear that the interstate system could lose dedicated reserves without an abandonment requirement. The right of first refusal could alleviate this concern.

The question of non-price regulation on flowing natural gas takes on an added dimension in view of a recent Supreme Court decision which came down after the Natural Gas Compromise Agreement had been reached. In California vs. Southland Royalty Company, the Supreme Court found that the owner of land which had been subject to an expired lease, under which gas had previously been sold and dedicated to interstate commerce, was required to continue selling that gas to an interstate pipeline. The producer community fears that the facts of this case might be extended in future cases to the situation where gas was never produced from acreage



that may once have been dedicated to interstate commerce, or attached to acreage that once was dedicated to interstate commerce. Some knowledgeable lawyers have alleged that under this possible interpretation, the entire State of Louisiana would be dedicated to, and subject to, jurisdiction under the Natural Gas Act.

A perceived increase in the level of non-price regulation on natural gas under the compromise, together with the potential of the Southland case for substantially expanding the quantity of such old gas that would be regulated, has created serious doubts in the minds of producer oriented Conferees as to the desirability of the bill.

#### POSITION OF SENATE AND HOUSE CONFEREES

Last Friday, the Senate conveyed to the House Conferees a compilation of changes which they proposed in the original draft. Many of the changes were of a technical nature and will not be difficult to resolve. The most important non-technical change involved the removal of non-price regulation on new gas. The Senate indicated they had reached an impasse on the question of whether or not such regulatory authority should be removed from flowing interstate gas, with Bennett Johnston holding out for this change.

It appears that Senators Domenici and Hatfield, as well as the five liberal Senators who have stayed with Senator Jackson, would be agreeable to eliminating non-price regulation on new natural gas, leaving it on existing natural gas, and defining dedication in a manner that narrows the potential reach of the Southland case. Senator Jackson will thus need either Senator McClure or Senator Johnston for the ninth vote that will constitute a majority of Senate conferees. Senator McClure has no problem with leaving non-price regulation on flowing gas, but he is concerned about an adjustment in the pricing formula that he believes depresses the 1985 gas price below the agreed upon level. No one else is concerned about this, however, and any adjustment for McClure could cause losses among more liberal House and Senate Conferees. McClure may be persuaded to sign without this change, but some further adjustment to non-price regulation on flowing gas would make it easier for him to join Domenici and Hatfield in breaking with Johnston if that becomes necessary.

Senator Johnston, on the other hand, has indicated to me that it will be essential for his support -- at least before his September 16 primary -- to remove all non-price regulation on flowing interstate gas. Based on this position, he announced over the weekend that he could not sign the Conference Agreement in its current form and would not be able to do so unless changes were made to conform it with his understanding of the agreement.

This has angered Congressman Dingell, since Senator Johnston's staff participated in the preparation of the draft. Dingell feels that Senator Johnston is intimating that the House did not understand the agreement. Dingell is interpreting this as an effort on Johnston's part to back out of the Agreement and insult the House Staff and Members in the process. Tensions are running high in this 30-year war.

Dingell, at this point, has indicated some willingness to make an adjustment for the Southland case, but is resisting the removal of non-price regulation from both new gas and existing interstate natural gas.

On Friday, Senator Jackson informed the House members that unless this matter can be resolved by the end of this week, he believes the bill is dead. In view of this timeframe, I convened meetings over the weekend with House and Senate Staff members to explore a range of options that might be acceptable for breaking the deadlock over non-price regulation and the potential effects of the Southland case. Senator Byrd has informed me, however, that if matters extend beyond this week, he is prepared to bring the Natural Gas Bill up whenever it is finished, including some time in September or in a special session if necessary.

#### POSSIBLE SCENARIOS

As a result of the meetings this weekend, it appears that sometime within the next several days it may be possible for the House members to offer the Senate elimination of non-price regulation on new natural gas as well as a complete limitation against any extension of the Southland case. If Bennett Johnston continues to insist on removal of non-price regulation on flowing gas, this will not be enough to secure his signature. However, if McClure can be persuaded to swallow his pride on the pricing formula problem, I believe this may be a proposal which the Senate can accept.

Without Bennett Johnston, however, it will be far more difficult for Joe Waggoner to sign on the House side. Even with Corman, Joe Waggoner's vote will be needed unless Reuss can be convinced to reverse his position once again. Your conversations with the Governor of Wisconsin and our continuing work with the Chairman of the Wisconsin Public Utility Commission make this a possibility.

If Waggoner is needed, however, it may eventually be necessary to convince Dingell to take one more step in the direction of eliminating non-price regulation on flowing natural gas. Currently, Dingell is firmly resisting any such effort. One proposal that may provide the consumer protection Congressman Dingell requires would eliminate nonprice regulation on existing contracts for flowing interstate gas when an existing contract expires.

This phase-out of non-price regulation on flowing gas represents a compromise between the Johnston and Dingell positions and protects consumers from the potential price effects of removing FERC certificates. At the right moment this final compromise could be offered by the Administration if the effort fails to convince Senators and Congressmen from producing states to accept the Southland fix and the removal of non-price regulation from all new gas.

Whether it is the expected House package or a final Administration compromise proposal, there is some question as to whether Bennett Johnston will be able to support anything prior to his primary on September 16. If it appears that the chances for success in the next week with any of these approaches are not great, it may be necessary to allow for a cooling off period on all sides until after Bennett's primary. With Senator Byrd's commitment to consider natural gas whenever it is completed, there would still be an opportunity, either in the latter part of the session or in a special session, to enact a signed conference report. There is also the possibility that a conference report could be completed within the next week without either Bennett Johnston or Joe Waggoner. They might then be in a position to lend support to the proposal after September 16.

The immediate focus is on the continuing discussions between House and Senate Conferees and staff in an effort to find a non-price regulation and Southland formula that can produce a conference report within the next week. To that end, I believe it would be helpful for you to talk with Congressmen Dingell, Waggoner and Staggers, and Senator Jackson for the purpose of reinforcing their efforts to reach an agreement. Suggested talking points are attached. Once the House position is more fully formulated, you may also want to talk to Senators McClure and Johnston.

Cong. Dingell

TALKING POINTS FOR JOHN DINGELL

- John, you have done a great job on a most difficult task. With your continued help, I believe we can overcome any final difficulties in the natural gas conference.
- I want to underscore on a personal basis how important I believe it is to get a reasonable natural gas bill this year. The proposal on which you have worked so long is a sound compromise that will be good for the nation.
  - o It will increase supplies of our premium fuel for the nation's consumers while providing price certainty and new markets for the nation's producers.
  - o These are the long-range goals that we cannot lose sight of in the final controversy over the intent of the agreement on the question of non-price regulation.
- The world is watching to see if we can come to grips with our energy problem. In view of my pledge to foreign leaders, and the increasing concern over the dollar, we cannot afford to fail.
- I share your feeling that the nation's consumers should not have to pay one more cent than what you contemplated when you agreed to the natural gas bill last June.
- On the question of non-price regulation, however, I believe there are ways to satisfy some of the concerns that have been raised without costing the consumer one penny more. And I hope you will keep an open mind on that point as various options are developed by your staff and others.

- By making adjustments for the Southland case, replacing non-price regulation on new natural gas with a strong right of first of refusal, and strengthening the bill's enforcement provisions, you will be going a long way toward meeting the expectations of those who may have honestly thought that the agreement meant something different than you did. Such adjustments can be made without any cost to the nation's consumers while streamlining an admittedly cumbersome regulatory process.
- John, I just want to ask that before you say no to any proposition like this, you try to keep in mind the bigger picture -- the need we as a nation have for this bill as well as passage of the energy plan.
- There is no doubt in my mind, and I don't believe there should be any in yours, that the votes are currently in the House and Senate to deregulate natural gas. It would be a disaster, in my opinion, to lose this bill and end up with something that amounts to a far greater burden on the nation's consumers if there are substitute mechanisms that can be worked out on the question of non-price regulation.
- You have come through before, and I know when I ask you to give me your help now, you won't let me or the nation down.

Cong. Waggoner

TALKING POINTS FOR CONGRESSMAN WAGGONER

- Joe, I just want you to know how much I appreciate how even minded you have been through this difficult period. I know you are concerned about getting a bill as well as certain aspects of the draft which have emerged. I believe they can be addressed.
- But I want to underscore on a personal basis how important I believe it is to get a reasonable natural gas bill this year. The proposal which you have made possible is a sound compromise that will be good for the nation.
  - o It will increase supplies of our premium fuel for the nation's consumers while providing price certainty and new markets for the nation's producers.
  - o These are the long-range goals that we cannot lose sight of in the final controversy over the intent of the agreement on the question of non-price regulation.
- The world is watching to see if we can come to grips with our energy problem. In view of my pledge to foreign leaders, and the increasing concern over the dollar, we cannot afford to fail.
- On the question of non-price regulation, however, I believe there are ways to satisfy the concerns of independent producers on the Southland case as well as the problems of continuing non-price regulation under the Gas Act while simultaneously providing the kinds of protection that will keep consuming state votes on the agreement. I hope you will keep an open mind on these points as various options are developed.



- By making adjustments for the Southland case and removing non-price regulation on all new natural gas, including new gas on dedicated acreage, the bill will be going a long way toward meeting your expectations even though they may honestly differ from others who were party to the agreement. Such adjustments provide producers with all the assurances they ever contemplated -- including completely unfettered sales of intrastate gas in interstate commerce.
- As to old, currently flowing onshore interstate gas, this amounts to only 7 tcf -- which will be declining -- out of total production of 19 tcf. Non-price regulation was not removed from this gas under either the Senate or House bills, or any of the previously introduced or passed decontrol bills.
- The contract terms of this gas are already established at either 29 or 54 cents. Under current law, these contracts receive almost no growth. Under this compromise, they will receive a much healthier inflation factor.
- Joe, I just want to ask that before you say no to any proposition like the one I have described, you try to keep in mind the bigger picture -- the need this nation has for a bill that will open up the intrastate market to national gas sales while leading to phased deregulation and protection of the intrastate market from the possible reach of Southland.
- When it counted earlier, you gave your word and your help. I know when I ask you to give me your help now, you won't let me or the nation down.

Cong. Stagers

TALKING POINTS FOR CONGRESSMAN STAGGERS

- Harley, you have come such a long way and you are so close to a final agreement, I just want to encourage you to keep at it.
- If there is anything I can do to help, please let me know.
- Jim Schlesinger is working closely with your staff to develop options that can satisfy the needs of those who feel that some parts of the statute do not reflect the agreement and those who insist that the cost of the compromise not be increased. I am sympathetic to both those goals and believe it can be done.
- I appreciate everything you are doing to make sure that it gets done.



TALKING POINTS FOR SENATOR JACKSON

- Scoop, you have come such a long way and you are so close to a final agreement, I just want to encourage you to keep at it.
- If there is anything I can do to help, please let me know.
- Jim Schlesinger is working closely with your staff to develop options that can satisfy the needs of those who feel that the statute was not properly drafted and those who insist that the cost of the compromise not be increased. I am sympathetic to both those goals and believe it can be done.
- I appreciate everything you are doing to make sure that it gets done.

THE WHITE HOUSE

WASHINGTON

AUGUST 16, 1978

not done -  
Fritz can  
call  
J

MR. PRESIDENT:

Congressman Harold Ford called to ask you to send the Secretary of Labor, or an Assistant Secretary, to Memphis to mediate the strike of the Memphis firemen and policemen.

In 1968, when the sanitation workers were on strike (and when King was assassinated) an Assistant Secretary went down to help mediate the strike.

Stu says a low level person from the Federal Mediation and Conciliation Service is already involved. Stu understands that discussions are now going on with the Mayor which may avoid the need for further federal intervention. If this turns out not to resolve the issue, we will "consider" a higher level person from the Federal Mediation and Conciliation Service or someone from the Department of Labor. Stu would prefer the former.

Frank recommends you return Congressman Ford's call.

PHIL

THE WHITE HOUSE  
WASHINGTON  
AUGUST 16, 1978

not done  
Fritz can  
call  
J

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AUGUST 16, 1978

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Frank recommends you return Congressman Ford's call.

PHIL

THE WHITE HOUSE

WASHINGTON

August 15, 1978

MEETING WITH SPEAKER O'NEILL AND SENATOR BYRD

Wednesday, August 16, 1978

8:45 am

The Cabinet Room

From: Stu Eizenstat *Stu*

I. PURPOSE

To give Secretary Blumenthal and Federal Reserve Chairman Miller an opportunity to brief Speaker O'Neill and Senator Byrd on the dollar problem.

II. BACKGROUND, PARTICIPANTS, & PRESS PLAN

- A. Background: At Tuesday's NSC meeting on the dollar, it was agreed that O'Neill and Byrd should be briefed on the seriousness of the recent declines in the value of the dollar, and on the economic consequences of further disorderly declines. It was also agreed that you would seek O'Neill's and Byrd's advice on whether a similar presentation should be made to the energy conferees as an aid in gaining agreement on a natural gas compromise.

Blumenthal and Miller will make essentially the same arguments as were presented at the NSC meeting. I would strongly recommend that you stay away from characterizing the current situation as a crisis, even though Mike's and Bill's assessments tend in that direction. The dollar did improve somewhat in trading on Tuesday, and, while no one has a clear picture of what will happen later this week, it could continue to stabilize. If the severe plunge which occurred on Monday was a "false alarm", there is no need for you to have been personally associated with more dire predictions.

- B. Participants: Speaker O'Neill, Senator Byrd, Secretary Blumenthal, Chairman Miller, Frank Moore, Stu Eizenstat

- C. Press Plan: None. The meeting will not be listed on the press copy of your daily schedule.

III. TALKING POINTS

1. I have asked you down to this briefing because I feel that you should have the same information as I have about the dollar's recent decline in international money markets. I have asked Mike Blumenthal and Bill Miller to give you their assessments of the

page two

current deterioration of the dollar, and of the possible impacts should this trend continue.

2. We have a potentially very serious problem with the dollar. Treasury and the Federal Reserve are prepared to respond with cooperative measures. The current situation also emphasizes, however, the importance of enacting energy legislation, particularly the natural gas bill. While part of the international concern doubtless reflects inflation-related worries, energy continues to be critical to international perceptions about the underlying strength of our economy.
3. After Mike and Bill have finished their briefing, I would appreciate having your best assessment of the likely Congressional reaction to this problem, especially as it relates to the energy bill. It has been suggested that each of you might call in the energy conferees from your respective houses to have this same briefing. I hope you will give this serious consideration, if, in your judgment, it could help spur agreement on natural gas. If sessions such as these could help, Mike and Bill will be available. I would also be interested in any further advice you may have on ways to encourage the conferees to reach agreement.

Excluded Copy Made  
for Information Purpose

THE WHITE HOUSE  
WASHINGTON

8/16/78

Mr. President:

Frank has requested two 15 minute meetings tomorrow for you to brief Senate and House members on your defense authorization bill decision. The meeting with House members will include discussions of their possible help but not the Senate meeting which creates the need for two meetings. They could be scheduled for 8:30 and 9:15.

☒ approve  
☐ disapprove

Phil  
Tell Frank to  
Choose them  
Care  
J

THE WHITE HOUSE  
WASHINGTON

Phil had  
pen

a copy was given to  
Frank also.

THE WHITE HOUSE  
WASHINGTON

August 16, 1978

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

US POLICY STATEMENT FOR INTERNATIONAL  
AVAIATION NEGOTIATIONS  
US ISRAELI AIR SERVICES AGREEMENT

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
✓	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

✓	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE  
WASHINGTON

August 15, 1978

①

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
MARY SCHUMAN

SUBJECT: U.S. Policy Statement for International Aviation  
Negotiations

U.S.-Israeli Air Services Agreement

U.S. Policy Statement for International Aviation Negotiations

Secretary Adams recommends that you adopt the attached policy statement setting forth our objectives in international aviation. An interagency group including the Departments of State, Justice, Commerce, Defense, OMB, COWPS, the CEA and the Civil Aeronautics Board participated in the development of the policy, and all recommend your approval.

The policy statement directs U.S. negotiators to increase competitive opportunities in international air transportation. Objectives in the policy statement are:

- encouragement of price competition ✓
- reduction of government restrictions on charters ✓
- elimination of operating and capacity restrictions ✓
- elimination of discrimination and unfair competitive practices faced by U.S. airlines ✓
- designation of more than one U.S. airline in international markets ✓
- expansion of the number of cities for nonstop service ✓
- development of competitive air cargo services. ✓

The statement reflects the policies that have been pursued in recent negotiations and will formally serve notice of our intention to continue to seek liberal agreements. This is particularly important now, as negotiations have been set or proposed for the Fall with many countries, including Japan, Germany, Italy, Australia, Peru, and the Philippines.



U.S.-Israeli Air Services Agreement

On Wednesday, August 16, 1978, State Department representatives will sign a new air services agreement with Israel. This agreement reflects our procompetitive policy, and is a complete reversal of our current highly restrictive regime.

Highlights of the agreement are:

- El Al, the Israeli airline, can serve four additional U.S. cities within one year. Today it can serve only New York. The Israelis are free to choose the additional U.S. cities. They are expected to begin serving Los Angeles and Chicago immediately, and Boston and Miami next year.
- Israel will lift its ban on low fare charters. Charters will be available with minimal government restrictions.
- Price competition will be allowed for the first time. Israel will no longer be able to disapprove our airlines' low fares unless our government agrees, and we have stated that we will continue our practice of encouraging fare reductions.
- The U.S. can authorize an unlimited number of U.S. carriers to serve Israel.

The Israelis are extremely pleased with the agreement particularly since it significantly increases their opportunities to serve more U.S. cities.

Recommendation

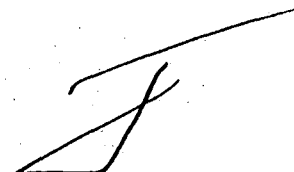
We recommend that you approve the policy statement, and authorize us to release it on Wednesday to coincide with the signing of the Israeli agreement. We recommend that you approve the attached statement covering both issues.

The NSC staff concurs.

Approve

✓

Disapprove



Ever since I became President, I have been seeking to introduce the airline industry to the benefits of competition both at home and abroad.

Today marks two important steps in that effort. I am releasing a formal statement of international aviation policy for the United States. At the same time, representatives of the U.S. and Israel are today signing a new air service agreement which reflects the spirit of that policy.

Our policy seeks to encourage vigorous competition, with the goals of permitting lower fares, better service to more cities, and fewer government restrictions on charter travel. Travelers of many countries have already benefited from recent agreements which reflect our competitive policy. I hope that our formal statement, by making our position clear, will ease the difficult process of negotiating additional air agreements with other countries.

The U.S.-Israeli agreement signed today achieves these goals of reducing government restrictions. It will permit healthy competition among our airlines, and, by giving Israel authority to serve four additional U.S. cities, it will greatly expand Israel's opportunity to provide air service between our countries.



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

August 14, 1978

MEMORANDUM FOR: Stu Eizenstat  
FROM: Brock Adams  
SUBJECT: Policy Statement for the Conduct of  
International Aviation Negotiations

A large, handwritten signature in black ink, which appears to be 'Brock Adams', is written over the 'FROM' and 'SUBJECT' lines of the memorandum.

I recommend that the attached Policy Statement outlining our objectives in international aviation be forwarded to the President for his approval. It substantially follows the proposed Statement approved in substance by the President in October 1977.

This version of the Statement was prepared after a public hearing was held before an interagency group and the receipt of written comments following the conclusion of the public hearing. The Policy Statement and the attached related materials represent a consensus of the views of the Departments of State, Transportation, Justice, Commerce, and Defense, and the CAB, OMB, COWPS, and the CEA. The materials have been approved by these agencies.

It would be helpful for the White House to announce the policy as soon as possible so we can clearly signal our policy and develop a unified U. S. interagency position ahead of the start of civil air talks now scheduled for September 11 with the Federal Republic of Germany.

Included in this package are:

1. a revised Policy Statement (also attached is a copy of the last draft of the Policy Statement marked to show revisions);
2. a draft transmittal letter from you to the President;
3. a draft statement for the President;
4. a fact sheet to accompany the above statement; and
5. a proposed submission to the Federal Register summarizing the process followed in preparing the Policy Statement.

Attachments

cc: Interagency Group

# UNITED STATES POLICY FOR THE CONDUCT OF INTERNATIONAL AIR TRANSPORTATION NEGOTIATIONS

## Introduction

United States international air transportation policy is designed to provide the greatest possible benefit to travelers and shippers. Our primary aim is furthering the maintenance and continued development of affordable, safe, convenient, efficient, and environmentally acceptable air services. Our policy for negotiating civil air transport agreements reflects our national goals in international air transportation. This policy provides a set of general objectives, designed particularly for major international air markets, on the basis of which United States negotiators can develop specific negotiating strategies.

Maximum consumer benefits can be best achieved through the preservation and extension of competition between airlines in a fair market place. Reliance on competitive market forces to the greatest extent possible in our international air transportation agreements will allow the public to receive improved service at low costs that reflect economically efficient operations. Competition and low prices are also fully compatible with a prosperous U.S. air transport industry and our national defense, foreign policy, international commerce and energy efficiency objectives.

Bilateral aviation agreements, like other international agreements, should serve the interests of both parties. Other countries have an interest in the economic prosperity of their airline industries, as we do in the prosperity of ours. The United States believes this interest is best served by a policy of expansion of competitive opportunity rather than restriction. By offering more services to the public, in a healthy and fair competitive environment, the international air transport industry can stimulate the growth in traffic which contributes both to profitable industry operations and to maximum public benefits.

## Goals of U. S. International Air Transportation Policy

The U.S. will work to achieve a system of international air transportation that places its principal reliance on actual and potential competition to determine the variety, quality and price of air service. An essential means for carrying out our international air transportation policy will be to allow greater competitive opportunities for U. S. and foreign airlines and to promote new low-cost transportation options for travelers and shippers. Especially in major international air transport markets, there can be

substantial benefits for travelers, shippers, airlines and labor from increasing competitive opportunities and reducing protectionist restrictions. Increasing opportunities for U. S. flag transportation to and from the United States will contribute to the development of our foreign commerce, assure that more airlift resources are available for our defense needs, and promote and expand productivity and job opportunities in our international air transport industry.

### Translating Goals into Negotiating Objectives

U. S. International Air Transportation Policy cannot be implemented unilaterally. Our objectives have to be achieved in the system of international agreements that form the basic framework for the international air transportation system.

Routes, prices, capacity, scheduled and charter rules and competition in the market place are interrelated, not isolated problems to be resolved independently. Thus, the following objectives will be presented in negotiations as an integrated U. S. position:

1. creation of new and greater opportunities for innovative and competitive pricing that will encourage and permit the use of new price and service options to meet the needs of different travelers and shippers,
2. liberalization of charter rules and elimination of restrictions on charter operations,
3. expansion of scheduled service through elimination of restrictions on capacity, frequency, and route and operating rights,
4. elimination of discrimination and unfair competitive practices faced by U. S. airlines in international transportation.
5. flexibility to designate multiple U. S. airlines in international air markets,
6. encouragement of maximum traveler and shipper access to international markets by authorizing more cities for non-stop or direct service, and by improving the integration of domestic and international airline services, and
7. flexibility to permit the development and facilitation of competitive air cargo services.

### Explanation of Objectives:

1. Pricing. The U. S. will develop new bilateral procedures to encourage a more competitive system for establishing scheduled air fares and rates. Charter pricing must continue to be competitive. Fares, rates and prices should be determined by individual airlines based primarily on competitive considerations in the marketplace. Governmental regulation should not be more than the minimum necessary to prevent predatory or discriminatory practices, to protect consumers from the abuse of monopoly position, or to protect competitors from prices that are artificially low because of direct or indirect governmental subsidy or support. Reliance on competition and encouragement of pricing based on commercial considerations in the marketplace provides the best means of assuring that the needs of consumers will be met and that prices will be as low as possible given the costs of providing efficient air service.
2. Charters. The introduction of charters acted as a major catalyst to the expansion of international air transportation in the 1960's. Charters are a competitive spur and exert downward pressure on the pricing of scheduled services. Charters generate new traffic and help stimulate expansion in all sectors of the industry. Restrictions which have been imposed on the volume, frequency and regularity of charter services as well as requirements for approval of individual charter flights have restrained the growth of traffic and tourism and do not serve the interests of either party to an aviation agreement. Strong efforts will be made to obtain liberal charter provisions in bilateral agreements.
3. Scheduled Services. We will seek to increase the freedom of airlines from capacity and frequency restrictions. We will also work to maintain or increase the route and operating rights of our airlines where such actions improve international route systems and offer the consumer more convenient and efficient air transportation.

4. Discrimination and Unfair Competitive Practices. U.S. airlines must have the flexibility to conduct operations and market their services in a manner consistent with a fair and equal opportunity to compete with the airlines of other nations. We will insist that U. S. airlines have the business, commercial and operational opportunities to compete fairly. The United States will seek to eliminate unfair or destructive competitive practices that prevent U. S. airlines from competing on an equal basis with the airlines of other nations. Charges for providing airway and airport properties and facilities should be related to the costs due to airline operations and should not discriminate against U.S. airlines. These objectives were recognized by the Congress in legislation enacted in 1975, and their attainment is required if consumers, airlines and employees are to obtain the benefits of an otherwise competitive international aviation system.
5. Multiple Airline Designations. The designation of new U.S. airlines in international markets that will support additional service is a way to create a more competitive environment and thus encourage improved service and competitive pricing. Privately owned airlines have traditionally been the source of innovation and competition in international aviation, and it is therefore particularly important to preserve for the U. S. the right of multiple designation.
6. Maximum Access to International Markets. Increasing the number of gateway cities for non-stop or direct air service offers the potential for increasing the convenience of air transportation for passengers and shippers and improving routing and market opportunities for international airlines. In addition, enhancing the integration of U. S. airline domestic and international air services benefits both consumers and airlines.

7. Cargo Services. We will seek the opportunity for the full development of cargo services. Frequently demand for such services requires special equipment and routes. Cargo services should be permitted to develop freely as trade expands. Also important in the development of cargo services are improved facilitation, including customs clearance, integration of surface and air movements, and flexibility in ground support services.

#### Negotiating Principles

The guiding principle of United States aviation negotiating policy will be to trade competitive opportunities, rather than restrictions, with our negotiating partners. We will aggressively pursue our interests in expanded air transportation and reduced prices rather than accept the self-defeating accommodation of protectionism. Our concessions in negotiations will be given in return for progress toward competitive objectives, and these concessions themselves will be of a liberalizing character.

Proposed bilateral agreements which do not meet our minimum competitive objectives will not be signed without prior Presidential approval.



THE WHITE HOUSE  
WASHINGTON

August 16, 1978

Attorney General Bell

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

8/16/78

rick--

please return to  
attorney general bell...

(i don't know who brought  
this to president, or  
when--f.y.i.)

thanks--susan



To Griffin Bell  
J.C.

HALENAI'A  
4559 KAHALA AVENUE  
HONOLULU, HAWAII 96816  
CABLE: GLALUCEHONOLULU

August 10, 1978

Dear Judge:

I agree ( I heard on a newscast that you are determined to resign and leave Washington. If true, it's a pity. You're the best man the President has, and he can't afford to lose you. He's in plenty of trouble.

The Liberal intellectualoids, whose "thinking" has dominated American politics and the media for the past 20 years, have now produced a gigantic Gordian knot of economic problems that only God Almighty Himself could quickly and painlessly unravel. But they are now accusing President Carter of being 'incompetent' because he has not unraveled them after only 18 months in office. They say he is confused and indecisive because he cannot find an easy way around the crisis, when anyone but a Liberal intellectualoid knows that the only way out of a crisis is through it. Who in the White House would not vacillate, zig and zag, caught between the Devil of Depression and the Deep Blue Sea of Inflation? What captain would have enough experience to guide his ship through a storm, with a crew that refused to take his orders to batten down the hatches, and passengers planning to throw him overboard for not changing the weather?

Where I fault Carter (though no more than I do his predecessors), is on his misreading of the Soviets. We are not in an international competition to see which nation has the more decent moral values, or an industrial Olympics to prove which produces more consumer goods. We are involved, whether we realize it or not, in a tragic and titantic struggle which will determine, in the end, whose way of life will prevail over the other's. The Soviets intend to win this struggle - i.e., collapse our system - and without nuclear war, which they fear as much as we do. ~~£~~You are now familiar with one of their grand strategies - subversion, disinformation, terrorism. And winning it they are. (Consider where they were in 1946, when the struggle began. And where they are now.)

We have no counter-design, no counter strategy at all for winning -

i.e., collapsing their system short of war. All we have is a somewhat too simple military design for not losing a war, which is to rely on our Maginot Line, nuclear deterrence. Our only non-military policy is to strengthen their economy, in the hope that they will not then bite the hand that feeds them a few goodies. (Solzhenitsyn is wrong, I think, in figuring us as cowards. I would not disagree had he called us cretins.)

The only place where Carter can now show real leadership is in the field of US-USSR relations. But he must show it soon. No crystal ball is needed to predict that sometime fairly soon Brezhnev will die - or retire because of his illness. If we are still stuck with our present idiotic detente policies when his inevitable hour strikes, this event will freeze us into our present detente posture for another four or five years. For the day Brezhnev goes, our Liberal cretins will begin to bleat to high heaven that we must take no hostile action that might prevent the emergence of a more "moderate" Soviet leader. And five US-USSR Summits and twenty international conferences later, we will have learned, the hard way, that the policies of the next Soviet pseudo-Tsar are not any different from Lenin's, Stalin's, Khrushchev's, or Brezhnev's. My God, common sense should tell us that Brezhnev's successor will carry on historic Soviet policies for three reasons: first, it will be his Marxist-Leninist duty to do so; second, these policies have been successful; and thirdly, the power of the Party derives from its imperialistic militarism. The whole Party structure would collapse the day the USSR became just another great power.

All I meant to say when I began this letter is that I will be very sorry if I should find when I return to Watergate in October that you are not still my neighbor.

With kindest regards to your lady,

Aloha.

*Clare*

The Hon. Griffin B. Bell  
Watergate South  
700 New Hampshire Avenue  
Washington, D.C. 20037

THE WHITE HOUSE  
WASHINGTON

August 16, 1978

Tim Kraft

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

AMBASSADORIAL APPOINTMENTS

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
✓	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE  
WASHINGTON

August 14, 1978

MEMORANDUM FOR: THE PRESIDENT  
FROM: TIM KRAFT TK  
SUBJECT: AMBASSADORIAL APPOINTMENTS

Attached are the resumes of career officers that Secretary Vance recommends for nomination to ambassadorial posts to their respective countries. Dr. Brzezinski concurs.

Robert H. Pelletreau - Bahrain

John Gunther Dean - Lebanon

Samuel R. Gammon - Mauritius

Richard B. Parker - Morocco

Donald Petterson - Somalia

☒ Approve ☐ Disapprove



DEPUTY UNDER SECRETARY OF STATE  
FOR MANAGEMENT  
WASHINGTON

OFFICIAL USE  
ONLY

August 3, 1978

MEMORANDUM TO: The Honorable  
Hamilton Jordan  
The White House

FROM: Ben H. Read *BH Read*

SUBJECT: Ambassadorial Appointments

Secretary Vance has decided to recommend that career officers should be nominated for the following countries:

Bahrain	Robert H. Pelletreau
Lebanon	John Gunther Dean
Mauritius	Samuel R. Gammon
Morocco	Richard B. Parker
Somalia	Donald Petterson

Biographic information is attached. We will begin the various clearance procedures upon receiving the President's approval.

Attachments:  
As stated.

OFFICIAL USE  
ONLY



CANDIDATE FOR BAHRAIN

NAME: Robert H. PELLETREAU, Jr.

AGE: 43

AREAS OF EXPERIENCE: Africa, Middle East, North Africa

COUNTRIES OF EXPERIENCE: Mauritania, Lebanon, Jordan, Algeria,  
Syria

FOREIGN LANGUAGES: French, Spanish, Western Arabic,  
Eastern Arabic

RANK: Foreign Service Officer of Class III

EDUCATION: AB, Yale University, 1957, Political Science  
LLB, Harvard University, 1961  
nd, University of Paris, 1955, Political Science  
nd, National University of Mexico, 1958, Political  
Science

PROFESSIONAL EXPERIENCE:

1975 - present	Deputy Chief of Mission, Damascus
1973 - 1975	Political Officer, Algiers
1971 - 1973	Country Officer, Office of North African Affairs
1970 - 1971	Training, National War College
1968 - 1970	Political Officer, Amman
1966 - 1968	Training, Arabic Language School, Beirut
1964 - 1968	Country Officer, Office of West African Affairs
1963 - 1964	International Relations Officer, Nouakchott
1962	Training, Arabic Language School, Tangier
1961	Associate, law firm
1957 - 1958	Ensign, United States Navy

CANDIDATE FOR LEBANON

NAME: John Gunther DEAN

AGE: 52

AREAS OF EXPERIENCE: Africa, Europe, Southeast Asia

COUNTRIES OF EXPERIENCE: Mali, France, Laos, Cambodia, Denmark

FOREIGN LANGUAGES: French, German, Danish

RANK: Career Minister

EDUCATION: AB, Harvard University, 1946, Political Science  
PhD, Sorbonne, 1949, International Law  
MA, Harvard University, 1950, International Relations

PROFESSIONAL EXPERIENCE:

1975 - present	Ambassador, Copenhagen
1974 - 1975	Ambassador, Phnom Penh
1972 - 1974	Ambassador, Vientiane
1970 - 1972	Detached, Agency for International Development, Program Director, Viet Nam
1969	Fellow, Harvard Center for International Affairs
1965 - 1969	Political Officer, Paris
1964 - 1965	International Relations Officer, Office of NATO Affairs
1961 - 1964	Office in Charge, Togo-Mali Affairs
1960 - 1961	Charge' d'Affaires, Bamako
1959 - 1960	Consular Officer, Lome
1956 - 1959	Political Officer, Vientiane
1953 - 1956	Assistant Economic Commissioner, Saigon International Cooperation Administration (predecessor of AID)
1951 - 1953	Industrial Analyst, Brussels Foreign Operations Administration (predecessor of AID)
1950 - 1951	Economic Analyst, Paris Economic Cooperation Administration (predecessor of AID)
1944 - 1946	United States Army

CANDIDATE FOR MAURITIUS

NAME: Samuel R. GAMMON, III

AGE: 54

AREAS OF EXPERIENCE: Europe, Africa

COUNTRIES OF EXPERIENCE: France, Italy, Ethiopia

FOREIGN LANGUAGES: French, Italian

RANK: Foreign Service Officer of Class One

EDUCATION: AB, Texas A&M University, 1946, Liberal Arts  
MA, Princeton University, 1948, History  
PhD, Princeton University, 1953, History

PROFESSIONAL EXPERIENCE:

1975 - present	Deputy Chief of Mission, Paris
1973 - 1975	Deputy Executive Secretary, State Department
1971 - 1973	Executive Assistant to the Deputy Under Secretary for Management
1970 - 1971	Detached, United States Information Agency, Deputy Assistant Director for Europe
1967 - 1970	Political Officer, Rome
1963 - 1967	Principal Officer, Asmara
1962 - 1963	Officer in Charge, Italian affairs
1961 - 1962	Staff Officer, Executive Secretariat
1959 - 1961	Personnel Officer, Department
1955 - 1959	Economic Officer, Milan
1954 - 1955	Political Officer, Palermo
1952 - 1954	Instructor, Emory University
1948 - 1949	Instructor, Princeton University
1950 - 1952	Captain, United States Army
1943 - 1946	Lieutenant, United States Army

CANDIDATE FOR MOROCCO

NAME: Richard B. PARKER

AGE: 55

AREAS OF EXPERIENCE: Middle East, North Africa

COUNTRIES OF EXPERIENCE: Lebanon, Morocco, Algeria, Jordan

FOREIGN LANGUAGES: Eastern Arabic, French

RANK: Career Minister

EDUCATION: BS, Kansas State College, 1947, Engineering  
MS, Kansas State College, 1948, Political Science

PROFESSIONAL EXPERIENCE:

1977 - present	Ambassador, Beirut
1975 - 1977	Ambassador, Algiers
1974 - 1975	Principal Officer, Algiers
1970 - 1974	Deputy Chief of Mission, Rabat
1967 - 1970	Office Director, United Arab Republic Affairs
1965 - 1967	Political Officer, Cairo
1964 - 1965	Woodrow Wilson Fellow, Princeton University
1961 - 1964	Political Officer, Beirut
1958 - 1961	Country Officer, Libyan Affairs
1954 - 1958	Political Officer, Amman
1953	Arabic Language Training, Beirut
1951 - 1953	Deputy Principal Officer, Jerusalem
1949 - 1951	Consular Officer Sydney
1943 - 1947	Lieutenant, United States Army

CANDIDATE FOR SOMALIA

NAME: Donald K PETTERSON

AGE: 47

AREAS OF EXPERIENCE: Africa

COUNTRIES OF EXPERIENCE: Zanzibar, Nigeria, Sierra Leone,  
South Africa

FOREIGN LANGUAGES: Spanish, Swahili/Kiswahili

RANK: Foreign Service Officer of Class One

EDUCATION: AB, University of California at Santa Barbara,  
1956, Education  
MA, University of California at Santa Barbara,  
1960, Political Science

PROFESSIONAL EXPERIENCE:

1978 - present	Deputy Assistant Secretary of State for African Affairs
1977 - 1978	Office Director for Southern African Affairs
1975 - 1977	Member, Policy Planning Staff
1972 - 1975	Political Officer, Pretoria
1972	Deputy Chief of Mission, Freetown
1970 - 1972	Political/Economic Officer, Freetown
1968 - 1970	Personnel Officer, Department
1967 - 1968	Training, Stanford University
1966 - 1967	Political Officer, Lagos
1964 - 1966	Principal Officer, Zanzibar
1963 - 1964	Political Officer, Zanzibar
1960 - 1962	Political Officer, Mexico City
1958 - 1959	Personnel Assistant, State government
1948 - 1952	United States Navy

THE WHITE HOUSE  
WASHINGTON

August 16, 1978

Ambassador Strauss

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Landon Butler

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

*Parti -*  
*This prob shared*  
*go to RSS WH office*  
*rather than*  
*CTR*

ACTION  
FYI

	ADMIN CONFID
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	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
✓	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
✓	STRAUSS
	VANCE

THE WHITE HOUSE  
WASHINGTON

August 11, 1978

done  
J

MEMORANDUM FOR THE PRESIDENT

FROM: Robert S. Strauss *BS* and S. Lee Kling *SLK*

RE: Presidential Phone Call

This is a request for a phone call to two key corporation executives who will be the leaders in producing commitments to the anti-inflation program at the planned regional meeting in St. Louis (late September or early October).

- done*
1. R. Hal Dean is the Chairman and Chief Executive Officer of the Ralston-Purina Company. He is also Chairman of the St. Louis Civic Progress, an association of 35 CEO's of the area's largest corporations.

Telephone Number: (314) 982-3456

- done*
2. Armand C. Stalnaker is the Chairman and President of General American Life Insurance Company, as well as, Chairman of the Board of the St. Louis Regional Commerce and Growth Association (Chamber of Commerce).

Telephone Number: (314) 444-0653

Lee Kling met with these two men at a planning session on August 7 and they agreed to help us set up the regional anti-inflation forum. A Presidential phone call underlining this leadership would solidify their own commitment to the program and make real missionaries out of them with regard to the other business leaders in this key area.

Your phone call could stress that the Government is doing more than people realize and that a voluntary deceleration program, while only part of the answer, is entitled to full support.



THE WHITE HOUSE  
WASHINGTON

August 16, 1978

Secretary Adams

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Stu Eizenstat  
Jack Watson  
Jim McIntyre

WASHINGTON METRO TRANSPORTATION SYSTEM

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	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
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	IMMEDIATE TURNAROUND
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	LAST DAY FOR ACTION -

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	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

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	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

August 15, 1978

*Brock -  
I assume 155  
80 miles from  
interstate X fers.  
J*

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary  
FROM: Brock Adams *[Signature]*  
SUBJECT: Washington Metro Transportation System *[Signature]*

I am aware of your concern about the planning, costs, and implementation of the Washington Metro transportation system.

Stu Eizenstat, Jim McIntyre and other representatives of OMB, and myself and other representatives of the Department of Transportation, have been meeting on this matter for the last several weeks, since the Administration has imposed on Metro an August 31 deadline to submit a financial and construction plan, as well as an analysis of alternatives to the original construction for the project.

On Wednesday, August 16, the Metro Board will brief the press on their proposed plan. On Thursday, August 17, at 9:30 a.m., the plan will be presented to the Metro Board and the press will be authorized to release the contents.

At the last meeting of the OMB/Domestic Council/DOT group, we reached agreement on the following points which, if you approve, I would give to the press as the Administration's response to the Metro plan:

1. We are pleased with your serious effort. It provides a basis for local, state, and Federal agencies to comment and develop specific financing programs.
2. Alternatives analysis is over, and we agree with the goal of completing a 100-mile system over the next several years.
3. We will provide detailed comments on the financial plan over the next several months. Today, it is clear that:
  - a. We generally favor Plan II, not Plan I, as a more realistic schedule for funds and construction.

cc: Stu Eizenstat  
Jim McIntyre

THE WHITE HOUSE  
WASHINGTON

August 16, 1978

Tim Kraft

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	FOR INFORMATION
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	LAST DAY FOR ACTION -

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	VICE PRESIDENT
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	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE  
WASHINGTON

AUG. 16, 1978  
WEDNESDAY

MR. PRESIDENT

JANE ESKIND CALLED YOU YESTERDAY  
AT 5:45 P.M.

(YOU WILL RECALL YOU PLACED  
A CALL TO HER THE DAY AFTER  
SHE WON THE PRIMARY FOR THE  
SENATE RACE IN TENNESSEE, BUT  
THE CALL WAS NEVER COMPLETED.  
ATTACHED IS A LETTER YOU  
SUBSEQUENTLY SENT.)

PHIL

August 9, 1978

To Jane Eskind

Congratulations on your primary victory for the Senate race in Tennessee. I was happy to learn of your fine efforts.

Over the past eighteen months, we Democrats have forged an alliance in attempting to seek solutions to the complex and sometimes politically divisive problems facing our Nation. New ideas and contributions are constantly needed in this dynamic and uniquely American process which our Party has traditionally directed. I welcome your participation in this effort.

Your candidacy has my strong support, and I wish you continued success in the upcoming campaign. I look forward to your victory in November.

Sincerely,

JIMMY CARTER

Ms. Jane Eskind  
Post Office Box 1500  
Nashville, Tennessee 77203

JC/rf/sc/js/ckb  
P-32

Jim -  
She will call  
you re trip  
to Washington  
J

"Thanks"  
Everything looks  
good.



10-1-78 Page 1

Name	Date
<i>Wile Gates</i>	<i>8/16/78</i>

For those who are interested in the Washington City News, please contact the following person for more information:

**ATTN: YAMM**

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 10-1-78 Page 1

10-1-78 Page 1  
 10-1-78 Page 1

**THIS FILE HAS BEEN CHARGED OUT OF THE WHITE HOUSE CENTRAL  
FILES. PLEASE RETURN PROMPTLY.**

THE WHITE HOUSE  
WASHINGTON

rick--

memo re 8/16/78 noon meeting  
in cabinet room concerning  
defense appropriations bill

--SSC

Phil has  
seen

THE WHITE HOUSE  
WASHINGTON

Mr. President:

Check who you want at lunch:

☐ Moore  
☐ Vice-President  
☐ Harold Brown  
☐ Jim McIntyre  
☐ Zbig  
☐ Powell - ?  
☐ Rafshoon  
☐ Stu  
Hamilton

*all ok  
J*

THE WHITE HOUSE  
WASHINGTON

August 16, 1978

MEMORANDUM FOR THE PRESIDENT *FM.*

FROM: FRANK MOORE AND TERRY STRAUB

SUBJECT: HOUSE REPORT - CIVIL SERVICE REFORM

The following represents the status of the Civil Service bill in the House.

Schedule

After a series of scheduling changes over the last 24 hours, we are likely not to receive consideration tomorrow (Thursday)--the last day of business before the recess. Current intentions are to press for action immediately upon return from the recess. (We are currently scheduled for floor action on Thursday, September 7).

Issues

After a marathon bargaining session today with Udall, Clay and Ford on Title VII issues, we are unable to reach agreement on 3 or 4 major points. These include: position classification; rights to negotiate such items as employee grades, tours of duty, etc.; and government and agency-wide negotiations by individual bargaining units.

As of tonight, Ford is trying to persuade Clay to accept our language. Clay is clearly feeling his oats as a result of his success on Friday in stopping the bill. Clay is treating our compromise language as the beginning point for discussion on this title.

If we continue to be bogged down in negotiations over this title, we will have to move to the Speaker for relief. This will come only if he can be made to believe we have exhausted all available remedies for compromise and if he believes Udall and Ford agree with us on this.

We will pursue an aggressive "outreach" program during the recess to touch Members in their districts on veterans preference and related issues.

THE WHITE HOUSE

WASHINGTON

August 16, 1978  
6:00 p.m.

*C*

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE *FM.*

SUBJECT:

SENATE REPORT - CIVIL SERVICE REFORM

Senators Percy, Ribicoff, Mathias and Stevens have agreed on a time agreement. Four Republican Senators are still objecting to the bill being scheduled. They are Orrin Hatch (R-Utah), Jack Garn (R-Utah), James McClure (R-Idaho) and Jesse Helms (R-N.C.). We have appointments with all four tomorrow morning. We will keep you informed. Their major concern is the labor provisions in Title VII.

Electronic Copy Made  
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# the christian CENTURY

AUGUST 16-23, 1978



## The Mormons: Looking Forward and Outward

'The Churches: Where from Here?' Series

Jan Shipps



## Befriending Africa

Darrell Reeck

- Lutheran Love Feast
- Test-Tube Conception